IG Credit Strategist

# 2026 US IG supply outlook: higher

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BofA Data Analytics

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## 2026 US IG supply outlook: higher

The big jump in the issuance pace during October and November so far has pushed YtD IG supply 11% above the same period last year. We look for a similar 11% increase in 2026 as well, as gross supply rises to $1.78tr from expected $1.60tr in 2025. Net supply should also be higher. Issuers should be borrowing more to fund M&A, share buybacks (as balance sheets are under-levered), calls / tenders and capex. On the flip side, bank issuance should slow, coupon income should continue to grow and net upgrades from HY (a drain on IG cash) should decline.

## Supply shock

The spike in supply drove the US IG index spread 6bps wider last week, underperforming EUR IG and rate vol. Issuance reached 3x the typical level last week, supply was at 2x the typical level this week. At this point, heavy supply for the month of November should be priced in. We like IG spreads at these wider levels.

## Tariffs vs. spread curves

Markets interpreted Wednesday's hearings at the Supreme Court to suggest a higher chance of a ruling banning tariffs under IEEPA. The likely impact on IG credit is tighter spreads and a flatter 10s30s spread curve due to stronger growth and higher rates. 10s30s spread curve steepened 7bps since Sept. on lower rates and a jump in back-end supply. It now has room to re-flatten.

## 3Q25 IG preliminary fundamentals: healthy

Our preliminary estimates show that US IG credit fundamentals were healthy in 3Q. IG gross leverage has been range-bounded since 4Q-2023. Debt grew, EBITDA growth remained strong, margins improved. The results are based on data for 61% of issuers in our sample that tracks public US IG issuers ex. Financials and Utilities

## October IG ratings: still positive

The pace of net rating changes for US IG remained positive in Oct at+$31bn upgrade.

## M&A remained hot in October

North American M&A announcements remained high at $348bn in October.

## IG market technicals

**Supply**: $60.2bn of issuance this week, expect $40 - 50bn next week. **Flows:** +9.84bn inflow this past week ending on Nov 5th. **Weekly technicals details:** IG supply net demand at +$33bn this week, expect a bit stronger +$9bn next week. **Dealer inventories**: +$5.3bn past week ended Thu. Details inside

**We published the weekly CMS data and charts in the report.**

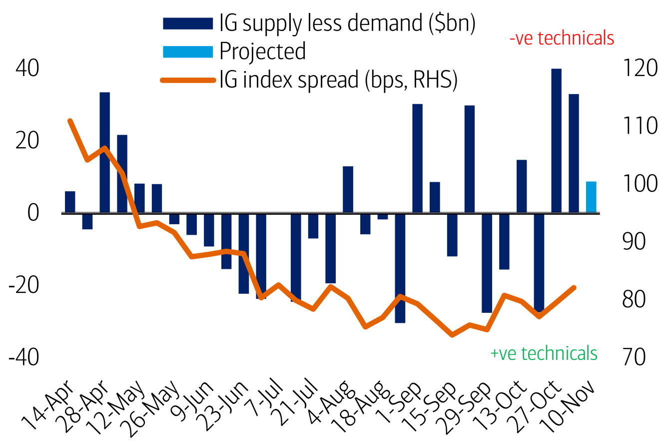
**Recent credit strategy research**

| Publication | Name |
|---|---|
| Situation Room | Situation Room: Steady into IG |
| Situation Room | Situation Room: Tariffs vs. spread curves |
| Situation Room | Situation Room: 3Q25 IG preliminary fundamentals: healthy |
| Situation Room | Situation Room: Supply shock |
| Monthly HG Market Review | Monthly HG Market Review: Oct '25: The return of volatility |
| IG Credit Strategist | IG Credit Strategist: Oct '25 Credit Investor Survey: Learning to love credit |
| IG Credit Strategist | IG Credit Strategist: Summer '25 snapshot of the US IG market |

# Weekly technicals

We expect stronger IG technicals next week. Supply net of demand to decrease to 55th percentile next week from 91th percentile this week (Exhibit 1). For more details, see Weekly technicals details.

**Exhibit 1: IG weekly net technicals ($bn) since week of Apr-14**
We expect IG supply net demand at $9bn next week (the week of Nov-10), down from $33.2bn this week (Nov-03). IG supply: gross issuance + rising stars - fallen angels. IG demand: maturities + calls/tenders + coupons + IG ETF / fund flows. IG index spread was at 82bps as of Nov-06.




**Source:** BofA Global Research, ICE Data Indices, LLC, EPFR Global, Bloomberg
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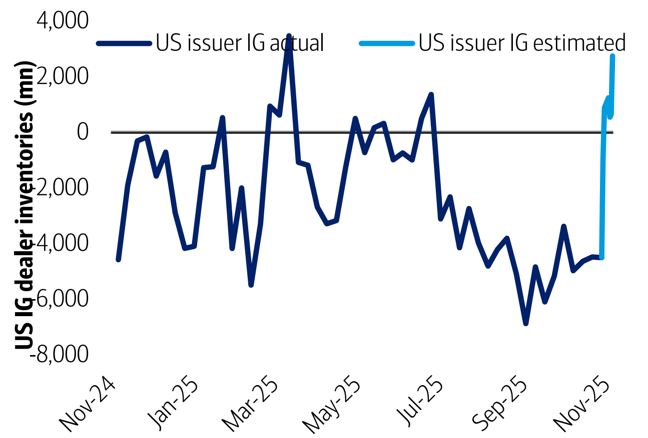
**Exhibit 2: Est. dealer inventories of IG corp bonds since Nov-2024.**
We estimate IG dealer inventories of US issuer bonds increased to $2.7bn currently on Nov-06 from -$4.5bn on Oct-29. Since Nov-2024, dealer inventories have fluctuated but generally stayed negative.




**Source:** BofA Global Research, FINRA, TRACE, Federal Reserve
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# Key views

- **US IG spread view.** Despite the recent volatility the thesis for IG spreads have not changed: IG spreads can go wider, but not too much. Low recession risk / robust growth, a dovish Fed, strong investor demand and still improving credit quality should all remain supportive. We prefer to buy dips, such as regional banks and BBs. The current widening on the back of the supply spike is also an attractive buying opportunity. M&A activity is accelerating, and we should see more re-leveraging going into 2026. We expect IG spreads to remain tight in 80 – 100ps range for the next 6M.

- **Quality.** We continue to like BBBs given the outlook for range-bound spreads and more re-leveraging risk for single-As. Spreads in the belly of the curve (5-7yr) screen the cheapest (see report: IG Credit Strategist: The summer grind).

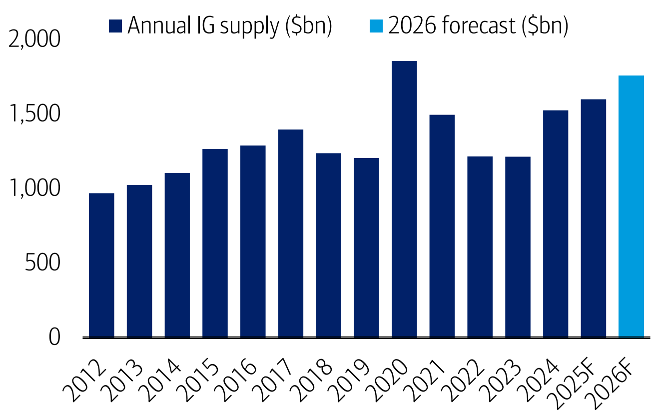
- **Sectors.** We seek to outperform in a relatively tight spread environment by being overweight yieldier sectors. At the same time, we hedge growth and tariff risks by positioning in non-cyclical and more US domestic sectors. For more details, see reports: Credit Market Strategist: Sector outlook 21 March 2025, and Credit Market Strategist: Uneasy equilibrium.

- **Curve.** We look 10s30s IG spread curve to remain flat on still attractive yields and lackluster 30yr supply. 5s10s spread curve should also remain relatively flat due to tight spreads.

# 2026 US IG supply outlook: higher

The big jump in the issuance pace during October and November so far has pushed YtD IG supply 11% above the same period last year. We look for a similar 11% increase in 2026 as well, as gross supply rises to $1.78tr from expected $1.60tr in 2025 (Exhibit 3). Net supply should also be higher (Exhibit 4). Issuers should be borrowing more to fund M&A, share buybacks (as balance sheets are under-levered), calls / tenders and capex. On the flip side, bank issuance should slow, coupon income should continue to grow and net upgrades from HY (a drain on IG cash) should decline.

**Exhibit 3: Even higher gross supply in 2026**
We look for IG supply to increase to $1.78tr in 2026 from $1.60tr in 2025.




**Source:** BofA Global Research

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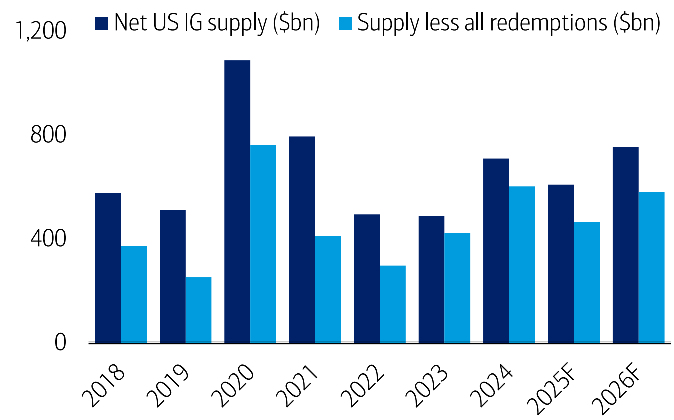
**Exhibit 4: More net supply in 2026**
We look for 2026 net supply of $754bn, up from $609bn expected for 2025.




**Source:** BofA Global Research

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**Exhibit 5: IG 2026 supply outlook**
Details of the 2026 supply outlook

| Category | 2025F | 2026F | Change | % change |
|---|---|---|---|---|
| **Gross supply** | **1,600** | **1,783** | **184** | **11%** |
| Maturing debt | 990 | 1,029 | 39 | 4% |
| **Net supply** | **609** | **754** | **145** | **24%** |
| **Changes to gross supply** | | | | |
| Refinance maturities | | | 39 | |
| More M&A supply | | | 75 | |
| More re-leveraging | | | 25 | |
| Less bank issuance | | | -30 | |
| Funding for call / tender activity | | | 25 | |
| Capex funding (including AI) | | | 50 | |
| **Total** | | | **184** | |

**Source:** BofA Global Research

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## Internally generated funds

Accounting for the broader types of cash returned to investors - i.e. coupons, calls & tenders and net downgrades to HY, we expect IG supply net of internal funds to increase to $157bn in 2026 from $74bn in 2025. Some of the increase in gross supply should be offset by higher maturities, coupon income and calls / tenders (Exhibit 6). Net upgrades from HY to IG should also decline (which is a positive technical) in 2026.

**Exhibit 6: Summary of US IG supply and internally generated funds ($bn)**
The table includes the details on net supply, coupons, calls/tenders and net downgrades to HY

| Cash Flow | 2019 Actual | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual | 2024 Actual | 2025 Estimate | 2026 Estimate |
|---|---|---|---|---|---|---|---|---|
| Gross Supply, Total | 1,205 | 1,855 | 1,495 | 1,216 | 1,213 | 1,525 | 1,600 | 1,783 |
| Maturing Debt, Total | 692 | 767 | 700 | 721 | 725 | 815 | 990 | 1,029 |
| **Net Supply, Total** | **513** | **1,089** | **795** | **495** | **489** | **710** | **610** | **755** |
| Coupons | 313 | 321 | 324 | 321 | 341 | 387 | 407 | 424 |
| Calls/Tenders | 260 | 325 | 383 | 197 | 66 | 107 | 144 | 174 |
| Net downgrades to HY | -54 | 248 | -44 | -89 | -86 | -28 | -15 | 1 |
| **Supply Net of Internal Funds** | **-6** | **194** | **133** | **66** | **168** | **244** | **74** | **157** |

**Source:** BofA Global Research

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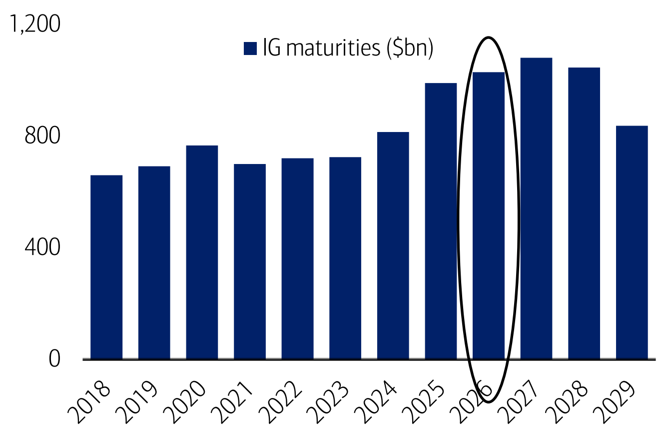
## Maturities: still elevated

IG maturities jumped by +$175bn from 2024 to 2025 to $990bn, and will be even more elevated at $1,029bn in 2026 and $1,081bn in 2027 (Exhibit 7). The reason for the jump in maturities are the elevated supply volumes during Covid and a higher share of shorter issuance on the back of the jump in yields during 2022 and 2023 (Exhibit 8). However, although supply volumes are elevated in 2025 and 2026, much of that is just to roll the higher maturities.

**Exhibit 7: Higher maturities in 2026**
Maturities go up to $1,029bn in 2026 from $990bn in 2025.




**Source:** BofA Global Research

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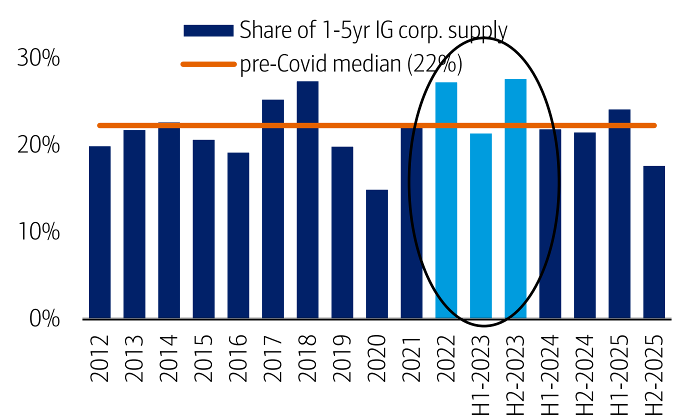
**Exhibit 8: Supply was shorter during hiking cycle**
Supply was shorter in 2022 and 2023 due to higher borrowing costs.




**Source:** BofA Global Research

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## M&A funding needs: higher

We expect a sizeable increase in M&A IG supply next year. North American M&A transaction volumes are accelerating, despite a still suppressed CEO confidence (Exhibit 11). Close to record share of those deals are funded with cash (rather than stock, Exhibit 10). As a result, the pipeline of M&A deals with potential funding need in the IG market is at some of the highest levels since 2018 (Exhibit 12).

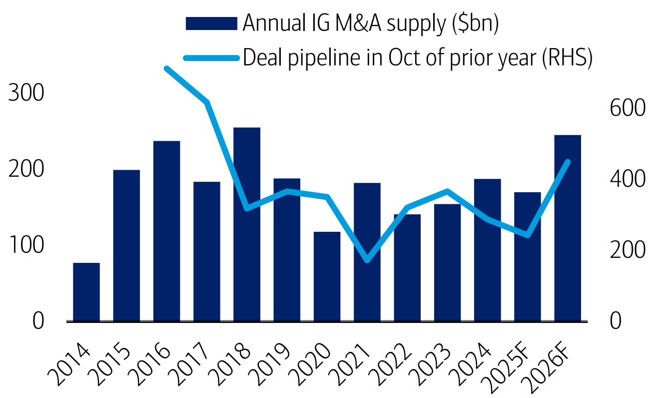
As a result, we expect M&A supply to accelerate to $245bn in 2026 from the expected $170bn in 2024. That would put M&A issuance in 2016 and 2018 levels, when the deal pipeline was similarly elevated (Exhibit 9).

We expect the pent-up M&A activity to continue for two reasons. First, M&A activity in 2025 was dampened coming out of recession fears in 2022 – 2023, an unfriendly regulatory environment under the Biden administration in 2024, and trade uncertainties. The resulting backlog of transactions should support an acceleration in M&A volumes in 2026.

Second, companies have de-levered over the past five years. Many now have under-levered balance sheets. That implies plentiful balance sheet capacity to deploy for M&A. This also explains why the cash portion of M&A is elevated despite still relatively high borrowing costs and expensive equity valuations. For more details, see "Debt-financed M&A is coming" in the report here: [IG Credit Strategist: Lock in the yield while you can](#).

Finally, the current M&A deal pipeline with issuance implications suggests the heaviest supply volumes for Health Care, Energy and Tech (Exhibit 13).

**Exhibit 9: We expect $245bn in M&A supply in 2026**
That's up from $170bn expected for 2024 and similar to 2016 and 2018 levels.




**Source:** BofA Global Research

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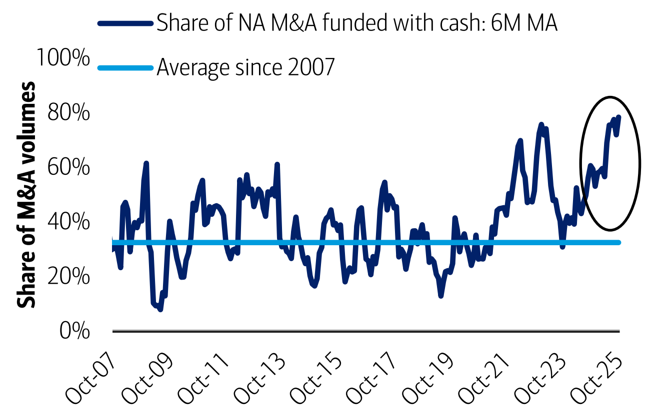
**Exhibit 10: More deals are funded with cash**
Average share of M&A funded by cash over the past 6M increased to the highest since at least 2007.




**Source:** BofA Global Research, Bloomberg

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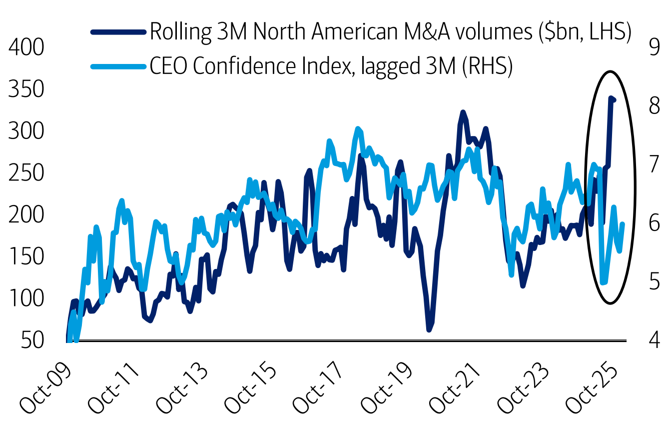
**Exhibit 11: M&A volumes accelerated despite weak CEO confidence**
CEO confidence weakened materially on the back of trade uncertainties. However, that had little impact on the accelerating pace of M&A activity.




**Source:** Bloomberg

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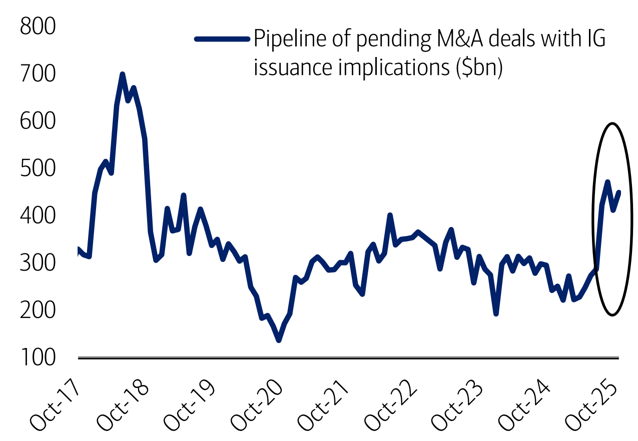
**Exhibit 12: Elevated pipeline of deals with issuance implications**
The pipeline of deals with issuance implications reached $450bn in October–near the highest since 2018.




**Source:** BofA Global Research

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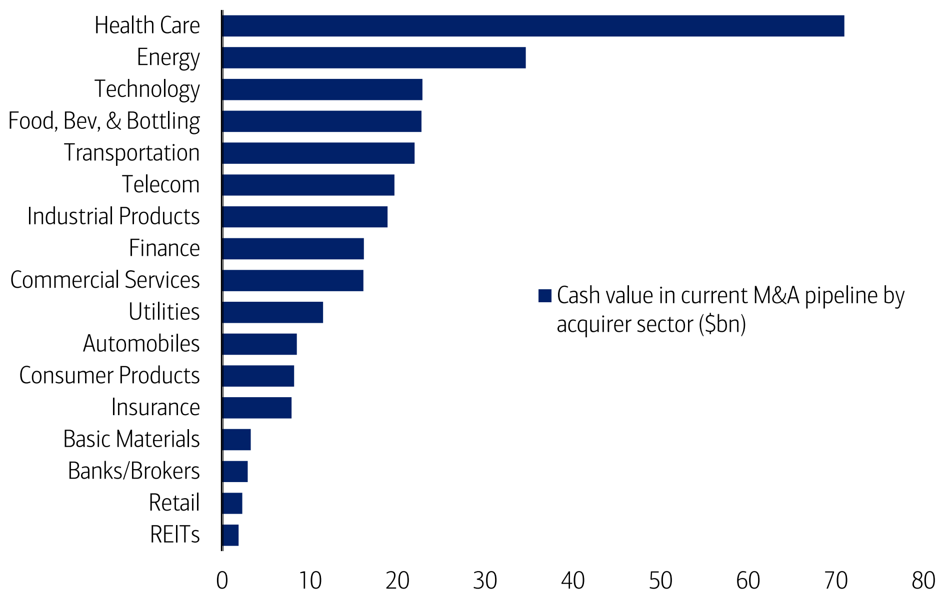
**Exhibit 13: The current M&A pipeline by sector**

The chart aggregates the equity value for each transaction in the pipeline, or the cash portion for stock & cash deals. Cash value is concentrated in Health Care.




**Source:** BofA Global Research, Bloomberg

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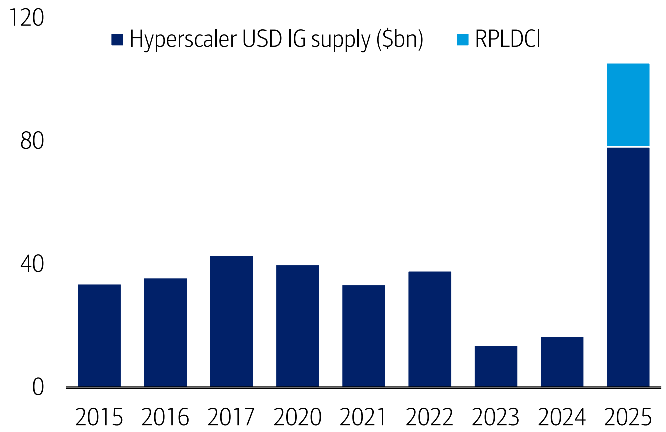
## AI capex supply: stable with upside risks

The big spike in AI-related supply in September and October raised concerns of further pickup in 2026 (Exhibit 14). We disagree. While capex is expected to increase further next year, so are profits (Exhibit 15). Collectively, the firms should continue to be able to cover their capex spending with operating cash flow, even after dividend payouts and share buybacks (Exhibit 17).

However, the margin is getting smaller, and for some issuers capex will exceed earnings next year (Exhibit 17). That’s likely why the companies borrowed $93bn (USD only) from September to November, including the RPLDCI deal (Exhibit 14). Given similar margins expected for 2026, another $100bn next year makes sense. We don’t see a big need for these hyperscalers to increase their borrowing substantially next year. However, given the large scale of spending ($525bn expected for 2026) and significant balance sheet capacity for most of the issuers, the risk to hyperscaler supply is to the upside.

**Exhibit 14: IG supply from hyperscalers exploded in late 2025**
Hyperscaler supply jumped to $106bn so far in 2025, up from $17bn in 2024.




**Note: "Hyperscalers" include the following companies: AMZN, GOOGL, META, MSFT, ORCL.**
**Source:** BofA Global Research

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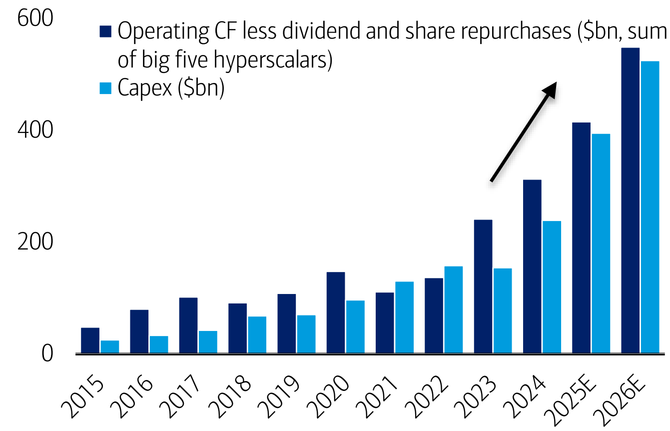
**Exhibit 15: Both capex and profits are going to be higher in 2026**
For the five hyperscalers, consensus forecasts call for capex to increase by $130bn in 2026. Operating CF is expected to rise by a similar $134bn.




**Note: "Hyperscalers" include the following companies: AMZN, GOOGL, META, MSFT, ORCL.**
**Source:** BofA Global Research, Bloomberg, Visible Alpha.

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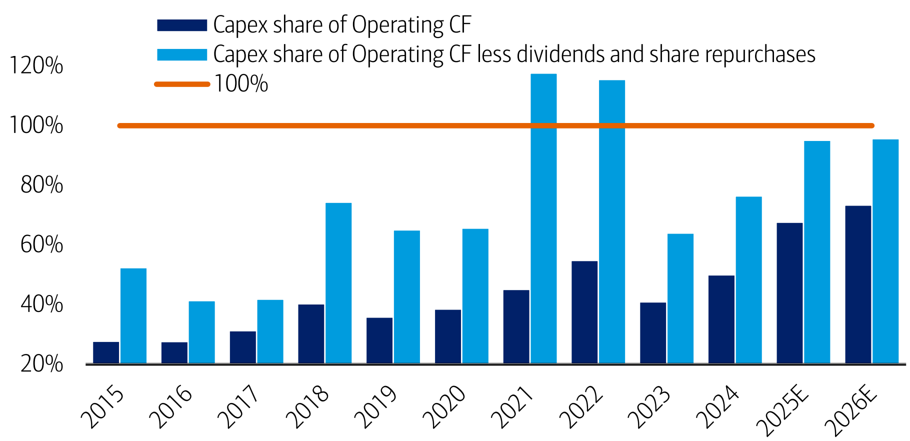
**Exhibit 16: Companies may be reaching a limit on how much capex they can fund purely from CFs**
Consensus estimates show AI capex is reaching 95% of operating cash flow less spending on dividends and share buybacks in 2025 and in 2026, up from 76% in 2024.




**Note: aggregate volumes for the following companies: AMZN, GOOGL, META, MSFT, ORCL.**
**Source:** BofA Global Research, Bloomberg, Visible Alpha.

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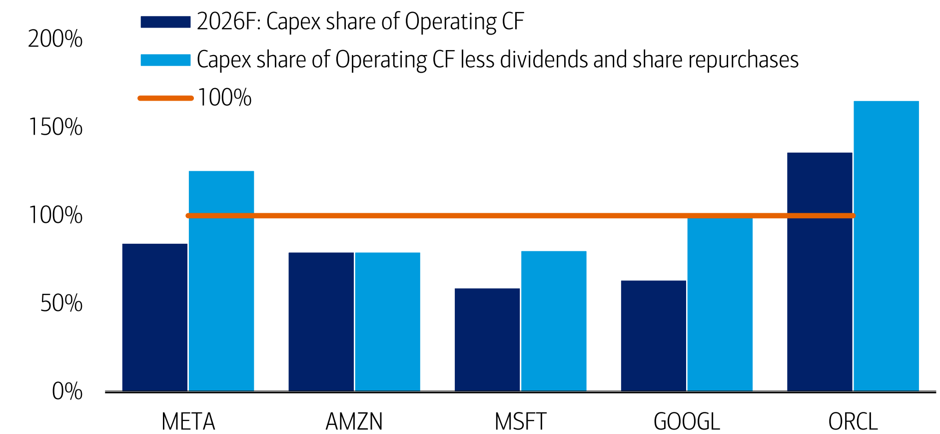
**Exhibit 17: Capex vs. cash flow by issuer in 2026**
Consensus forecasts call for capex to exceed operating cash flows less dividends and share buybacks for Meta and Oracle, while capex should be similar to available cash flows for Alphabet.




**Source:** BofA Global Research, Bloomberg, Visible Alpha.

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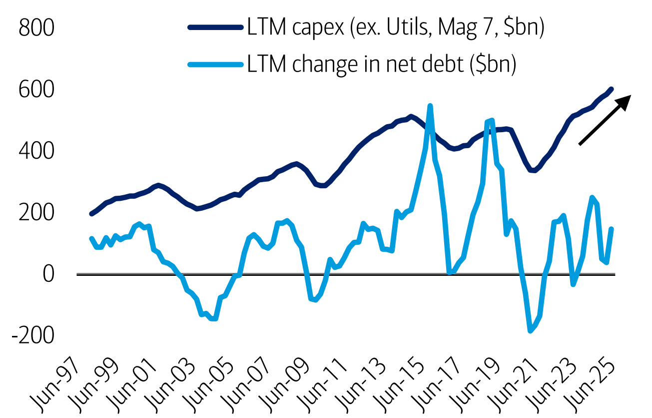
## Accelerating capex

Likely due to the combination of a strong US economy, declining trade uncertainty, and favorable tax treatment, the spending on capex is accelerating for US IG issuers (ex. Utilities and the Magnificent 7 (Exhibit 18), particularly in 3Q (based on our preliminary estimate, Exhibit 19). Utility supply should remain elevated as they build out generation and transmission capacity to meet the rising electricity demand in the US. IG issuers have plenty of balance sheet capacity to fund some of the higher capex with debt. We pencil in $50bn more in issuance next year for capex. This number includes the potential for an upside surprise hyperscaler issuance.

**Exhibit 18: Capex spending is accelerating**
After bottoming in 2Q-2021, the spending on capex has been accelerating through 2Q-2025.




**Source:** BofA Global Research

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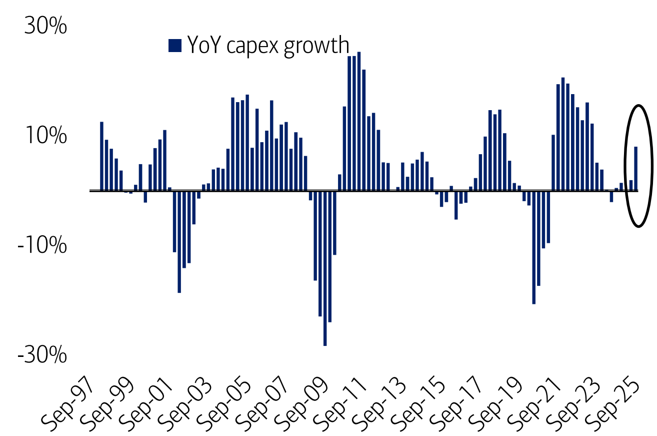
**Exhibit 19: Spending on capex accelerated in 3Q**
Our preliminary estimate shows spending on capex accelerating to +8.0% YoY in 3Q from +1.9% YoY in 2Q.




**Source:** BofA Global Research

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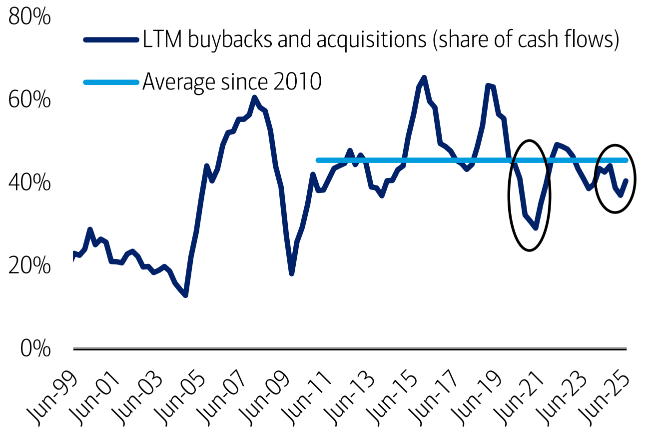
## More re-leveraging

Recession fears during Covid and in 2022 and 2023 led companies to spend less on shareholder returns (Exhibit 20) and improve their balance sheets instead (Exhibit 21). This year, re-leveraging was again paused by trade uncertainties.

With recession fears and trade uncertainties mostly gone, the pendulum is moving back towards shareholder returns in 2026 (Exhibit 22). We pencil in an incremental $25bn supply to fund share buybacks next year, in addition to $75bn more supply for M&A.

**Exhibit 20: Spending on shareholder returns has been modest**
We look for spending on shareholder returns to normalize higher in 2026.




**Note: for median non-Financial US IG issuers ex. Utilities, Mag 7.**
**Source:** BofA Global Research

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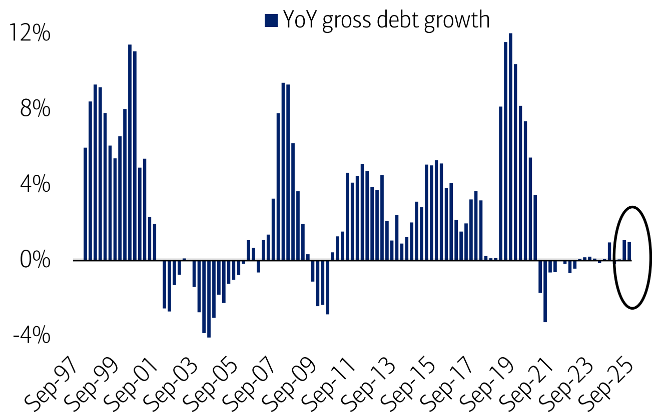
**Exhibit 21: Debt growth is beginning to accelerate a bit**
YoY median debt growth for US IG issuers ex. Utilities accelerated to 1% YoY in 2Q and 3Q 2025, up from flat levels in the prior two years.




**Source:** BofA Global Research

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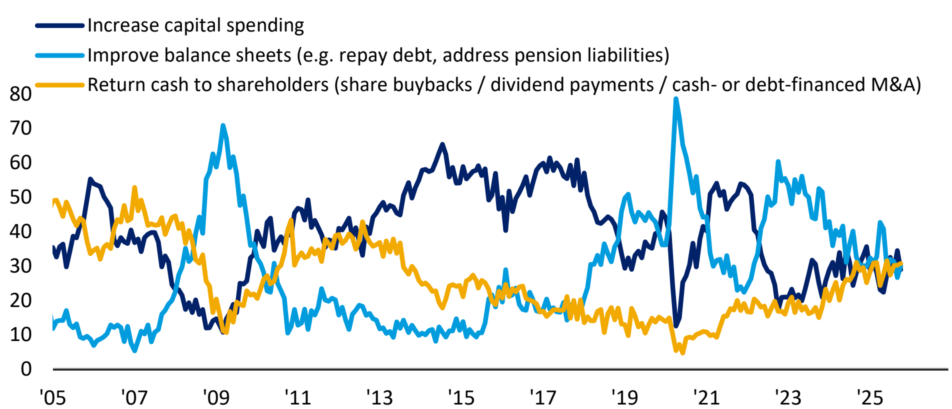
**Exhibit 22: What would you most like to see companies do with cash flow?**
What FMS investors would most like to see companies do with cash flow




**Source:** BofA Global Fund Manager Survey

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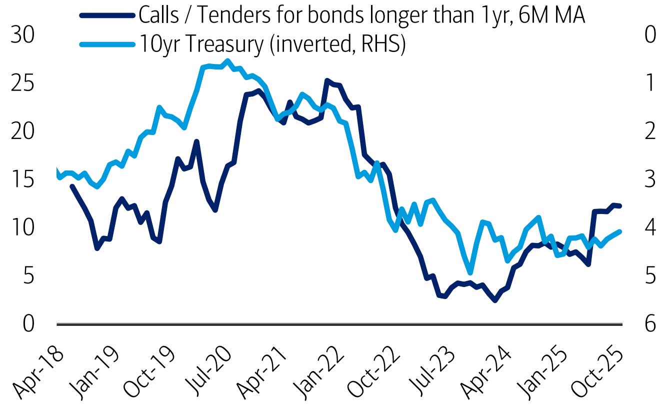
## Bond tenders to continue normalizing

Calls / tenders for IG bonds (longer than 1yr) hit a rock bottom in 2023 at $44bn as borrowing costs jumped and issuers chose to keep their low-coupon bonds outstanding for as long as possible (Exhibit 23, Exhibit 24). However, as debt continue to roll into higher coupons and Fed rate cuts could potentially lead to lower rates in 2026, the tender activity should continue to normalize higher. We pencil in an additional $25bn in issuance to fund the higher tender activity.

**Exhibit 23: Lower rates should support more calls / tenders in 2026**
The volume of calls / tenders tends to go up as yields decline.




**Source:** BofA Global Research, Bloomberg.

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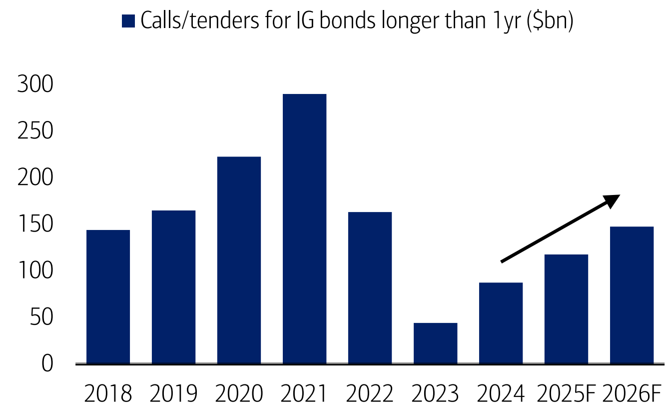
**Exhibit 24: Tender activity should continue to normalize**
Calls / tenders collapsed in 2023 on the spike in yields. As yields decline a bit next year on Fed cuts, the activity should continue to normalize.




**Source:** BofA Global Research

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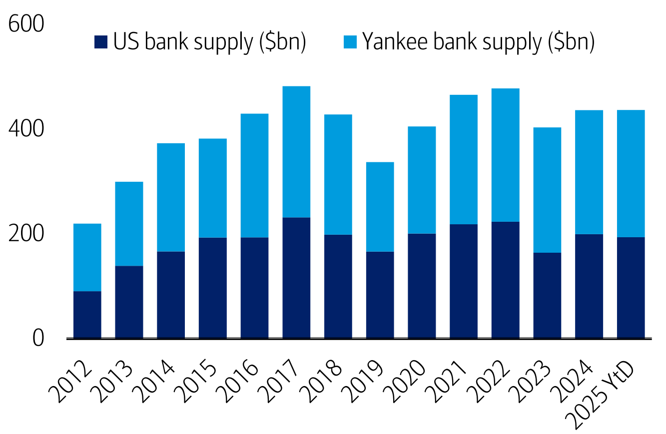
## Less bank supply in 2026

Bank supply has been steady over the past two years (Exhibit 25). Banks have largely been rolling maturities, with net US index supply staying relatively flat over the prior two years (Exhibit 26). However, the SLR proposal likely means less long-term debt requirement GSIBs. Our analyst Tom Curcuruto expects about 23% drop in issuance the GSIBs over the next two years (see report: [Banks: Solid fundamentals but issues percolating]). As a result, we pencil in a $30bn drop in bank supply next year relative to 2025.

**Exhibit 25: Bank supply has been steady in 2025 vs. 2024**
Bank supply slowed to $384bn YtD, down from to $478bn for full year 2022.




**Source:** BofA Global Research

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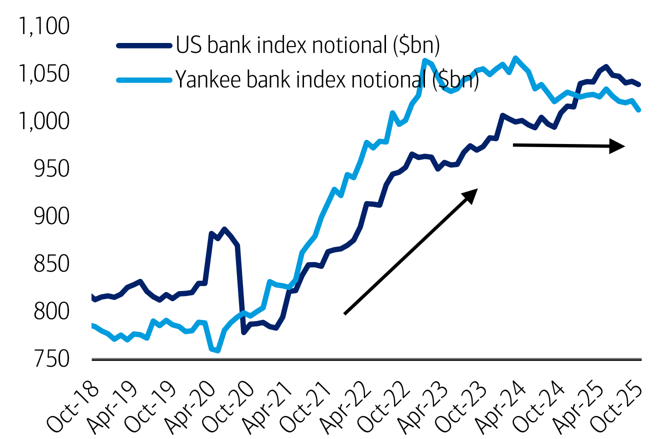
**Exhibit 26: Bank index debt slowed materially in 2023 and 2024**
After growing rapidly in 2021 and 2022, bank index debt growth flattened in 2023 and 2024.




**Source:** BofA Global Research, ICE Data Indices, LLC

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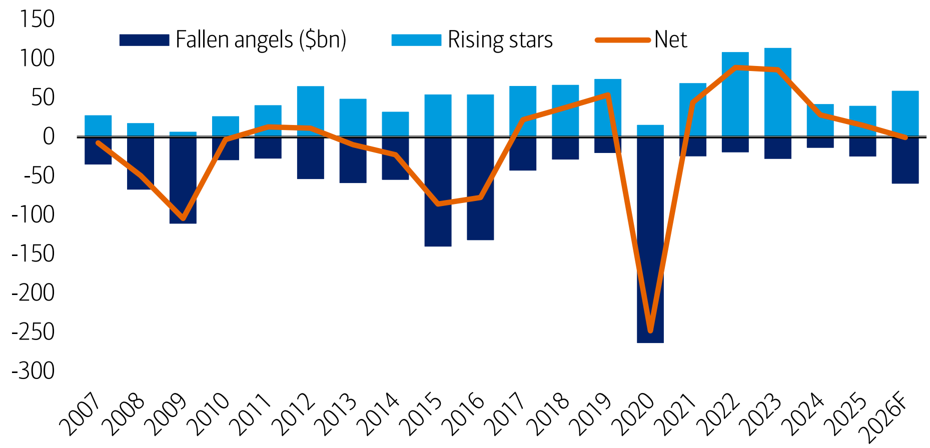
## Less net upgrades from HY in 2026

We look for more upgrades and downgrades from HY in 2026. On net, the net upgrade goes from +$15bn in 2025 to about flat in 2026 (Exhibit 27). The number of BB-rated issuers one upgrade away from IG has increased this year, suggesting rising star volumes accelerate to about $60bn in 2026 from $41bn so far in 2025 (Exhibit 28).

Downgrades to HY tend to be more idiosyncratic, but not many BBB-rated issuers trade at BB spread currently (Exhibit 29). However, our analyst Doug Karson still see high risk that Ford gets downgraded to HY next year (see report: Ford Motor Co.: 3Q Operating Performance Better, But Novelis Costs Higher). That's a $46bn capital structure, and drives most of our $60bn fallen angel forecast for 2026.

**Exhibit 27: We look for more rising stars and fallen angels in 2026**

We look for rising star volume to accelerate to $60bn in 2026 from $41bn so far in 2025, while fallen ang




**Source:** BofA Global Research, ICE Data Indices, LLC

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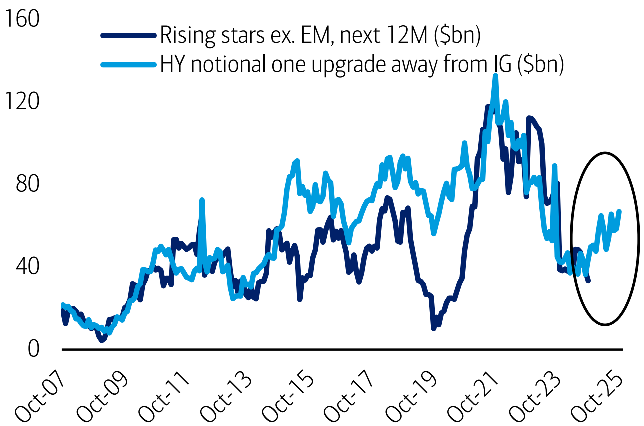
**Exhibit 28: More rising stars in 2026**

The number of BB-rated issuers one upgrade away from IG increased this year, suggesting rising star volume accelerating to about $60bn.




**Source:** BofA Global Research, ICE Data Indices, LLC

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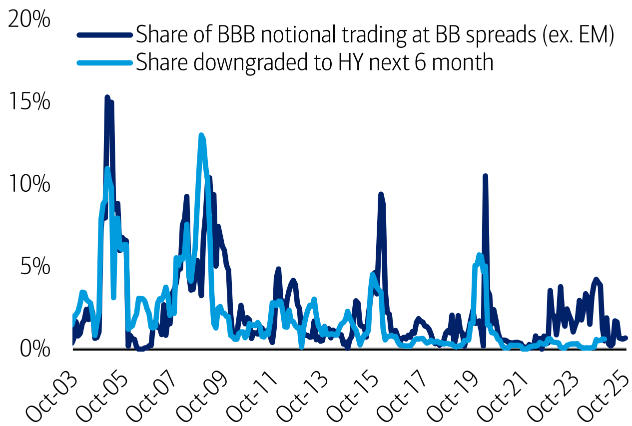
**Exhibit 29: Not many BBB-rated issuers trade at BB spreads**

The share of BBB issuers trading at BB spreads declined to just 0.7% by October of this year.




**Source:** BofA Global Research, ICE Data Indices, LLC

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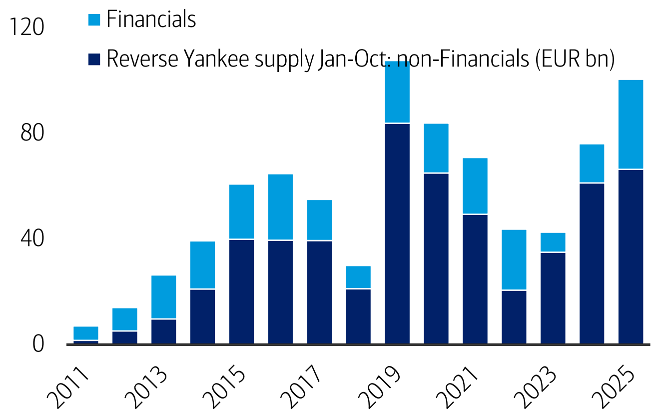
## Supply by region: stable

Reverse Yankee issuance (US companies borrowing in the EUR IG market) accelerated this year (Exhibit 30). However, we don't expect a similar increase next year, as more cuts from the Fed relative to the ECB could make conditions more favorable in USD compared to EUR (Exhibit 31), although long-term yields are expected to remain relatively stable across both currencies.

Yankee supply accelerated this year relative to 2024 (Exhibit 32) but remained steady as a share of total issuance relative to 2024. In fact, the share of Yankee supply has declined to 29% so far in 2025 from the recent peak of 33% in 2021 (Exhibit 33).

**Exhibit 30: Reverse Yankee supply accelerated in 2025**
Reverse Yankee supply accelerated to EUR 100bn during the first 10 months of 2025 from EUR 84bn over the same period in 2024.




**Source:** BofA Global Research, ICE Data Indices, LLC

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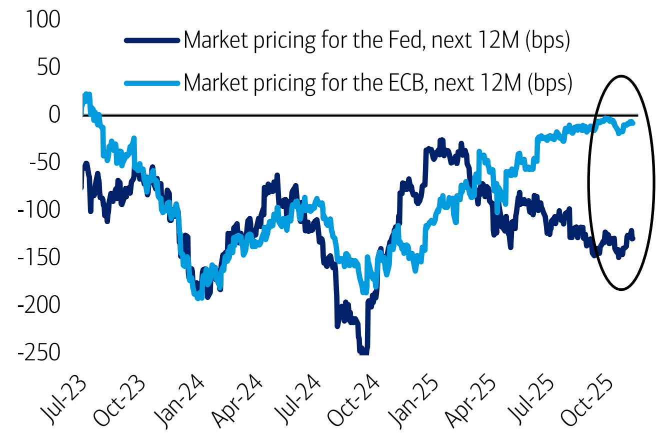
**Exhibit 31: Five Fed cuts, zero ECB cuts**
Markets are pricing 130bps of Fed cuts over the next 12M, compared to just 8bps for the ECB.




**Source:** BofA Global Research, Bloomberg

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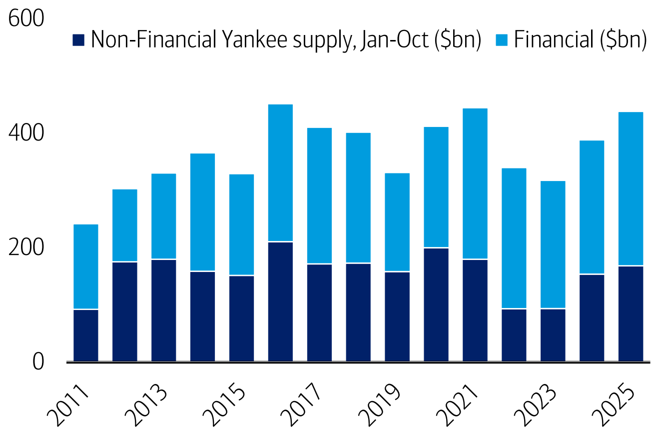
**Exhibit 32: Higher Yankee supply YtD**
Yankee supply for the Jan-Oct 2025 period was $438bn, up from $389bn over the same period last year.




**Source:** BofA Global Research

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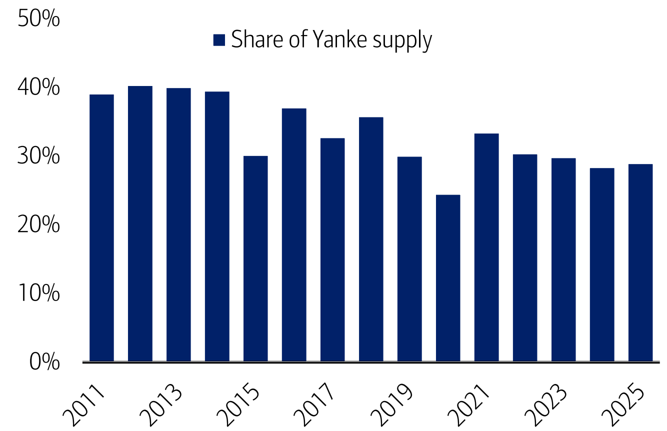
**Exhibit 33: The share of Yankee supply has been declining**
The share of Yankee supply has been 29% so far in 2025, similar to 28% in 2024 but down from 33% in 2021.




**Source:** BofA Global Research

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See full report here:
Situation Room: Supply shock 03 November 2025

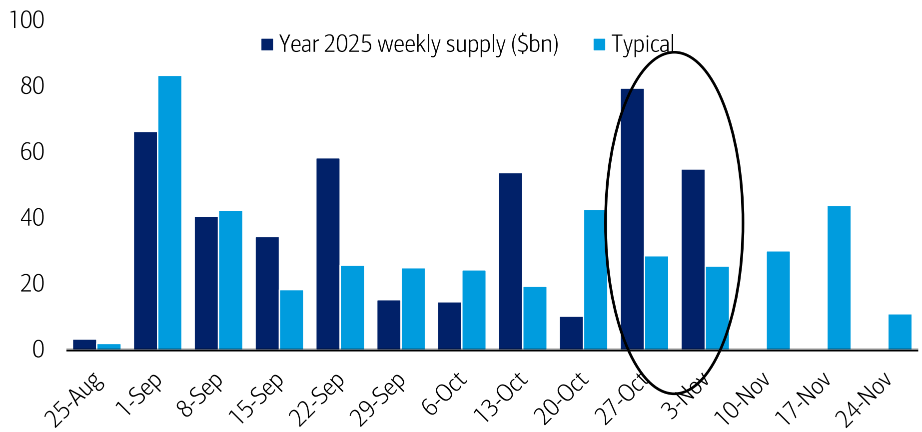
# Supply shock

The US IG index is 6bps wider since Wednesday of last week (October 29). At the same time, EUR IG is only 2bps wider (Exhibit 36), the 3M MOVE index is little changed (Exhibit 35), the 10yr Treasury yield is up 13bps since Tuesday, and the IG dealer inventories are at the highest level since March. The big IG credit underperformance is driven by the surge in supply. We estimate issuance reached 3x the typical level last week, and our forecast implies supply at 2x the typical level this week (Exhibit 34). At this point, heavy supply for the month of November should be priced in. We like IG spreads at these wider levels.

## A perfect storm

The heavy issuance volumes are due to the perfect storm of (1) chunky AI-related issuance (see report: Situation Room: Is more AI supply coming?); (2) attractive borrowing costs (see report: Situation Room: IG November supply: Favorable conditions); (3) seasonality (many IG issuers are out of earnings-related issuance blackouts by November); and (4) a sizeable M&A deal pipeline. Note that excluding AI deals, IG supply is still running 60% - 70% above typical levels (Exhibit 37).

**Exhibit 34: IG supply was 3x higher than typical last week, should be about 2x higher this week**
IG supply was $80bn during the week of Oct 27, up from $29 expected based on typical seasonality. Our $50 - $60bn forecast for this week is higher than the $26bn typical level.




**Source:** BofA Global Research

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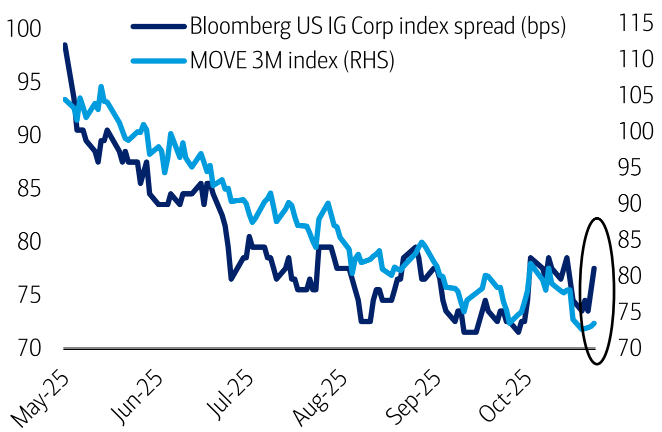
**Exhibit 35: US IG underperformed rate vol by 5bps.**
Current level of rate vol implies US IG spread of 73bps.




**Source:** Bloomberg

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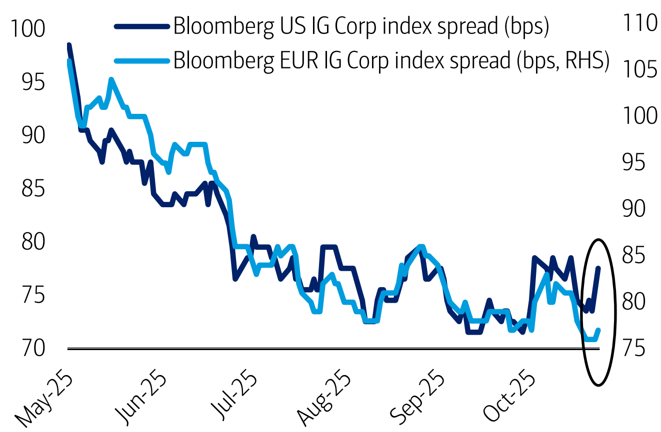
**Exhibit 36: US IG underperformed EUR IG by 6bps.**
Current level of EUR IG index spread implies US IG spread of 72bps.




**Source:** Bloomberg

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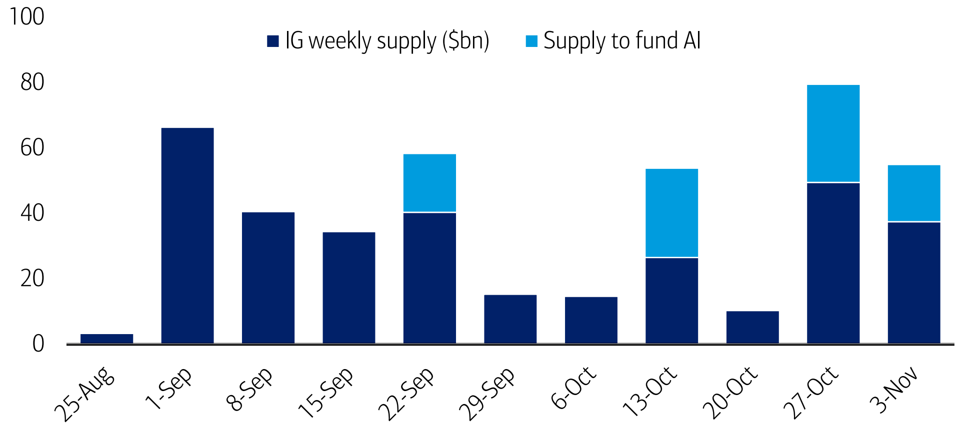
**Exhibit 37: AI supply contributed to the elevated volumes in September and October**
The $30bn META deal was 38% of the total supply for the week of Oct 27, and the $18bn GOOGL deal is about 30% of the expected $50 - $60bn supply this week.




**Source:** BofA Global Research

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See full report here:
[Situation Room: Tariffs vs. spread curves 05 November 2025]

# Tariffs vs. spread curves

Markets interpreted today's hearings at the Supreme Court to suggest a higher chance of a ruling banning tariffs under IEEPA (the International Emergency and Economic Powers Act). Polymarket implied probability of ruling in favor of the government dropped from 38% prior to the start of the hearings to 27% currently. The likely impact on IG credit is tighter spreads and a flatter 10s30s spread curve due to stronger growth and bear steepening of the Treasury yield curve.

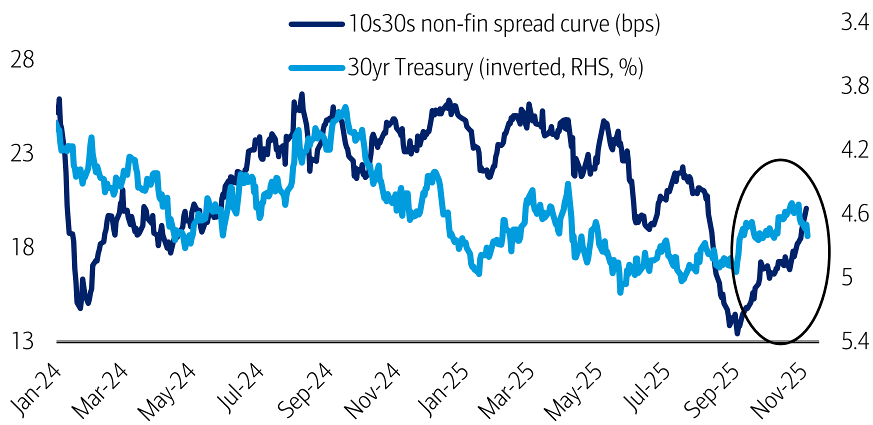
## Potential impact

Our Economists and Strategists see the following potential impacts of a ruling against the IEEPA tariffs: effective tariff rate drops from 14.7% to 5.2% (at least temporarily), the resulting increase in deficits leads to higher rates and a steeper Treasury yield curve, companies receive tariff refunds, which boosts cash and earnings, and the US GDP growth is a bit stronger (see report: US Viewpoint: Remember, remember the 5th of November).

## Flatter 10s30s IG spread curve

Potential stronger growth and higher rates are both good for IG spreads. The back end should benefit the most from the higher yields. IG 10s30s spread curve steepened 7bps since September on lower rates and a jump in back-end supply (Exhibit 38). The curve now has plenty of room to re-flatten, particularly if the pace of 30yr supply normalizes to the low levels from earlier this year.

**Exhibit 38: 10s30s IG spread curve has steepened 7bps since September**
Should Treasury yields rise further due to a potential IEEPA tariff ruling, the IG spread curve has plenty of room to re-flatten.




**Source:** BofA Global Research, ICE Data Indices, LLC, Bloomberg.

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See full report here:
Situation Room: 3Q25 IG preliminary fundamentals: healthy 04 November 2025

# 3Q25 IG preliminary fundamentals: healthy

Our preliminary estimates show that US IG credit fundamentals were strong in 3Q. Currently, the results are based on data for 61% of issuers in our sample that tracks public US IG issuers ex. Financials and Utilities. The preliminary estimates show stable leverage. Debt grew for two consecutive quarters for the first time since Covid. EBITDA growth remains healthy, margins improved, and capex spending accelerated for a median US IG issuer (not just the hyperscalers).

## IG leverage: stable

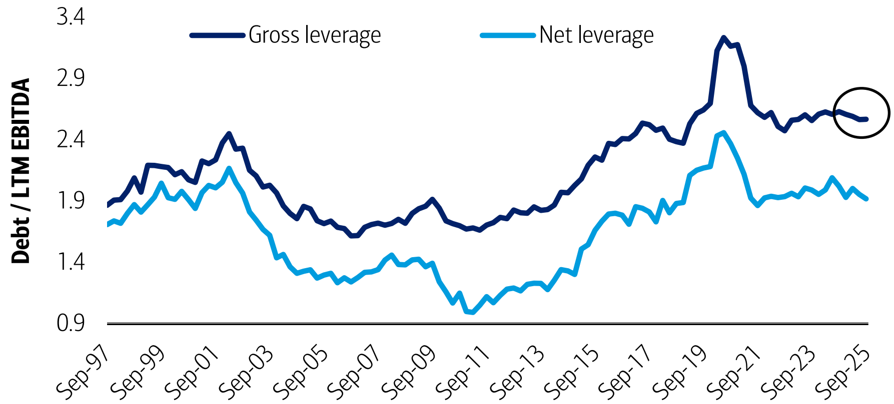
We estimate median gross leverage was 2.57x in 3Q, unchanged from 2Q. IG leverage stayed range bound in 2023-2025, within 2.57x - 2.68x range (Exhibit 39). Net leverage was 1.92x in 3Q down from 1.95x in 2Q.

## Further details on IG credit fundamentals

Gross debt increased +1.0% YoY (Exhibit 46), and net debt grew +3.0% YoY, near the highest level since 4Q22 (Exhibit 47). The median YoY EBITDA growth was steady at 5.2% in 3Q from +5.4% in 2Q (Exhibit 45). The coverage ratio improved to 10.39x as borrowing costs stabilized (Exhibit 40). Gross leverage declined for BBBs while net leverage declined across ratings. Finally, cash growth was +4.0% QoQ, above seasonal averages of +1.6% (Exhibit 43).

**Exhibit 39: Stable leverage in 3Q**

Gross leverage was stable in 3Q relative to 2Q (at 2.57x unchanged), while net leverage declined to 1.92x in 3Q from 1.95x in 2Q.




**Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.**
**Source:** BofA Global Research

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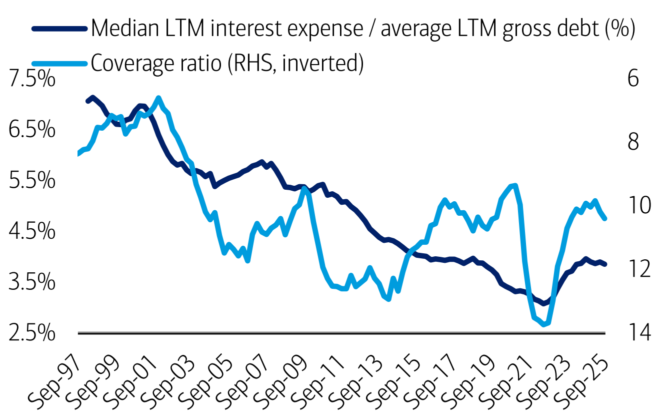
**Exhibit 40: Stable borrowing costs in 3Q**

The median LTM borrowing cost was stable in 3Q.




**Note: Median debt cost is defined as LTM interest expense / current gross debt. 3Q25 values are preliminary.**
**Source:** BofA Global Research

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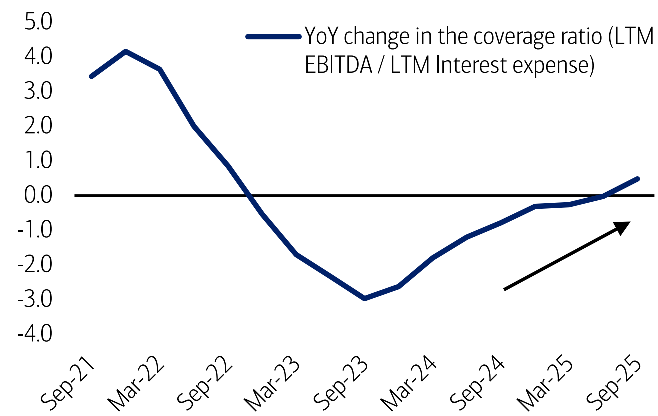
**Exhibit 41: Coverage ratio stabilizing**

YoY change in LTM coverage ratio is above zero, suggesting a more stable coverage ratio recently.




Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.
**Source:** BofA Global Research

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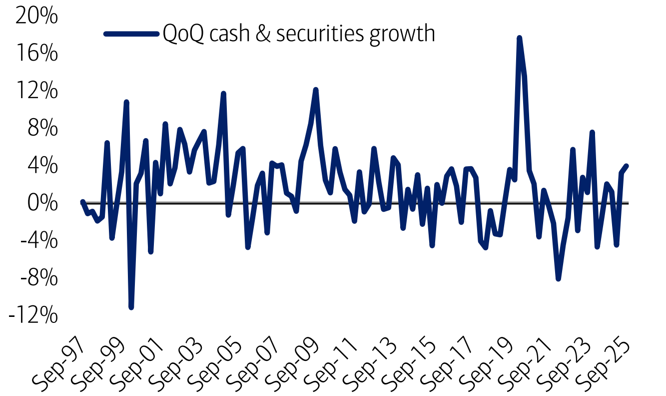
**Exhibit 42: Cash increased QoQ in 3Q**
Cash and securities growth increased to 4.0% QoQ in 3Q.




Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.
**Source:** BofA Global Research

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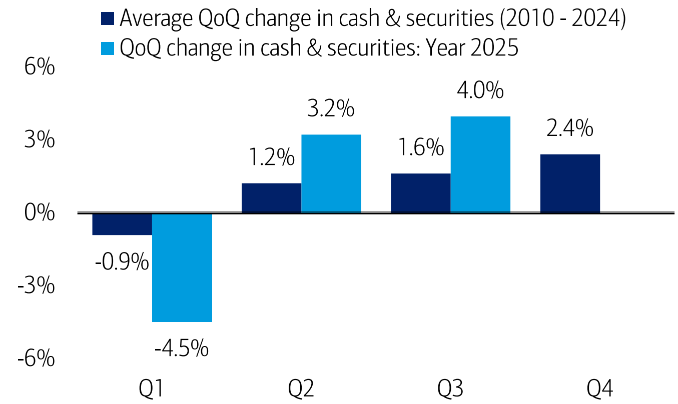
**Exhibit 43: 3Q-25 QoQ cash growth was above seasonal averages**
Cash typically declines in 2Q and increases in 3Q through 4Q.




**Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.**
**Source:** BofA Global Research

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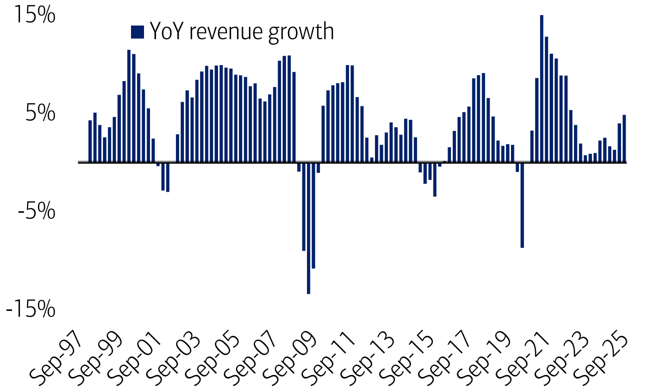
**Exhibit 44: Median YoY change in revenues**
YoY revenue growth accelerated to 4.8% in 3Q.




Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.
**Source:** BofA Global Research

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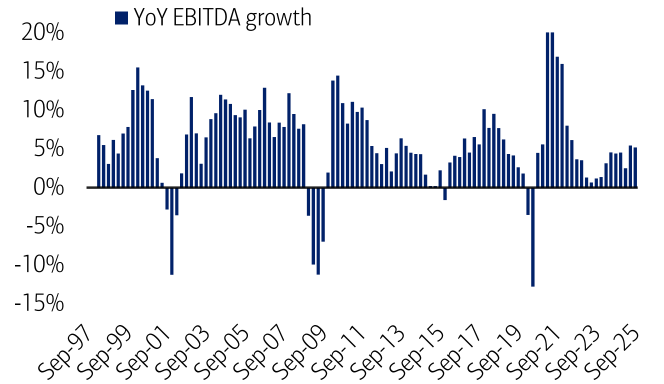
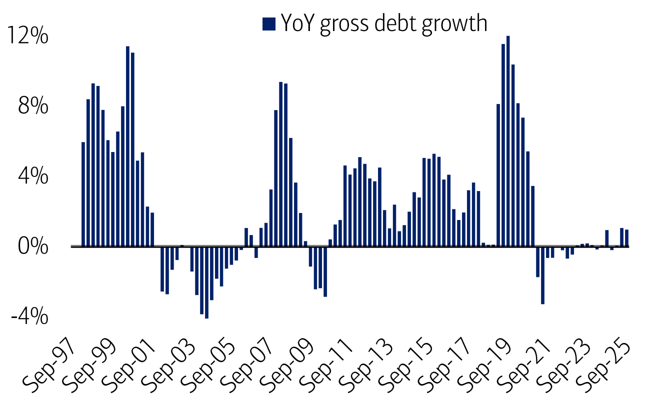
**Exhibit 45: Median YoY change in EBITDA**
YoY EBITDA growth was stable at 5.2% in 3Q.




Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.
**Source:** BofA Global Research

BofA GLOBAL RESEARCH

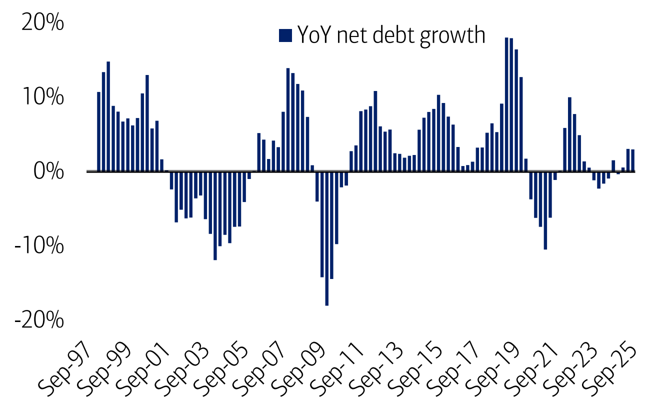
**Exhibit 46: YoY median change in gross debt**
Gross debt grew sharply in 2Q and 3Q, after being mostly flat in 2023-2024.




Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate. Including leases in debt due to accounting rule ASC 842 inflated YoY debt growth values in 2019.
**Source:** BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 47: YoY median change in net debt**
YoY change in net debt was steady at 3.0% in 3Q-2025.

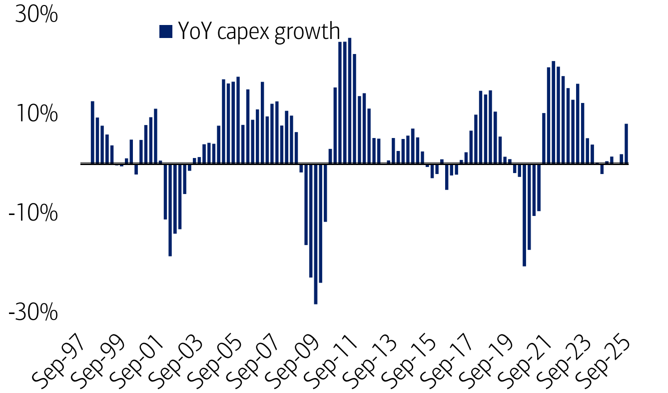



Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate. Including leases in debt due to accounting rule ASC 842 inflated YoY debt growth values in 2019.
**Source:** BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 48: Median YoY growth in capex**

YoY capex growth increased to +8.0% in 3Q from +1.9% in 2Q.




Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.

**Source:** BofA Global Research

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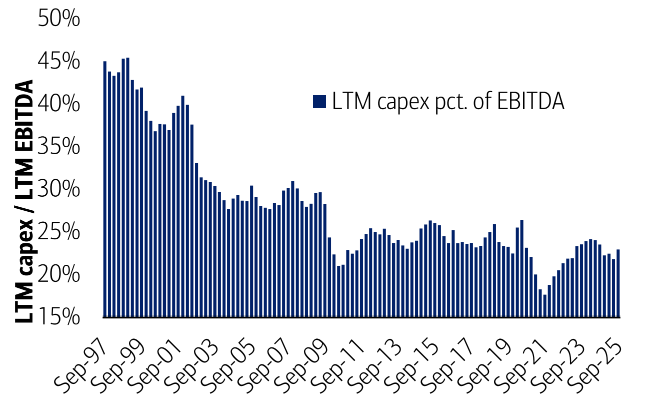
**Exhibit 49: Median LTM capex as percent of LTM EBITDA**

LTM capex as a share of EBITDA declined to a record low level in 3Q-21 and rebounded in 1H2025.




Note: based on US investment grade non-financial non-utility issuers. 3Q25 data is a preliminary estimate.

**Source:** BofA Global Research

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See full report here:

Situation Room: Supply shock 03 November 2025

# October IG ratings: still positive

The pace of net rating changes for US IG bonds remained positive in October. The net ratings change for October was a +$31bn upgrade (upgrades less downgrades, notional * notches including watch/outlook), down from a large net +$115bn upgrade in September. This month's upgrades were led by Utilities, Health Care and Banks/Brokers, while Food, Bev, & Bottling and Basic Materials led the downgrades.

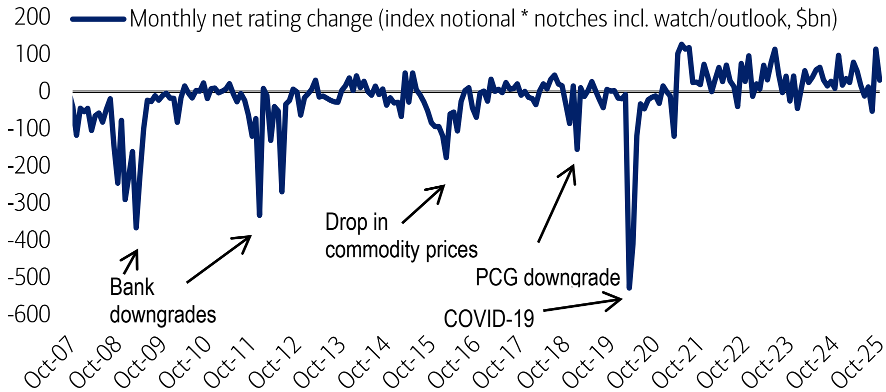
## Rating activity: slower

Gross rating activity for IG corporate issuers (upgrades + downgrades) was slow during October at $106bn, well below the $157bn median over the prior 12M. The share of upgrades declined to a more balanced 65% in October from 80% in September.

## Outlook: positive

The outlook for future rating actions remained positive in October. The share of IG index bonds on positive outlook / watch was 2.4% in October, off the highs in July at 2.8% but well above the 1.6% median since 2010 (Exhibit 51). The share on negative outlook / watch declined to 2.7% in October and remains low historically (Exhibit 52).

**Exhibit 50: IG net rating change was up in October, the strongest since June 2021**
The net ratings change for October was a +$31.4bn upgrade (upgrades less downgrades, notional * notches incl. watch/outlook), down from a net +$114.7bn upgrade in September.




Note: net rating change equals upgrades less downgrades. Based on the average of Moody's, S&P and Fitch, if available. We also include the watch as 2/3 of a notch and the outlook as 1/3 of a notch. Restricted to DM bonds in ICE BofA IG corporate index C0A0.
**Source:** BofA Global Research, Bloomberg.

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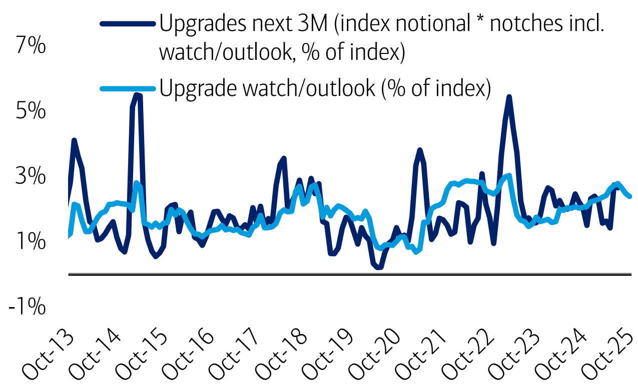
**Exhibit 51: Positive watch/outlook decreased in October**
The volume of IG corporate bonds on positive watch/outlook decreased to 2.4% of index in October 2025, from 2.5% in September.




Note: watch/outlook is computed as 0.66 * notional for a watch and 0.33 * notional for an outlook. Upgrades are tracking rating changes only (ignoring outlook and watch changes).
**Source:** BofA Global Research

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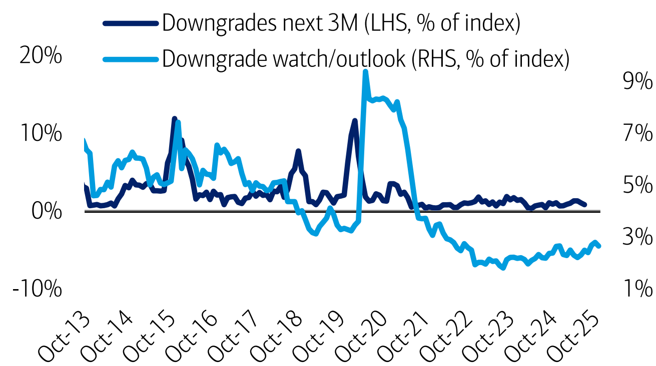
**Exhibit 52: Negative watch/outlook remains low**
The volume of IG corporate bonds on negative watch/outlook decreased in October 2025 to 2.7% and remains historically low.




Note: watch/outlook is computed as 0.66 * notional for a watch and 0.33 * notional for an outlook. Downgrades are tracking rating changes only (ignoring outlook and watch changes).
**Source:** BofA Global Research

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See full report here:
[Situation Room: 3Q25 IG preliminary fundamentals: healthy 04 November 2025]

# M&A remained hot in October

North American M&A announcements remained high at $348bn in October, up from $421bn in September (Exhibit 53) and well above the $197bn post-Covid median. There was $13bn of M&A-related IG issuance in October, down from $22bn in September.

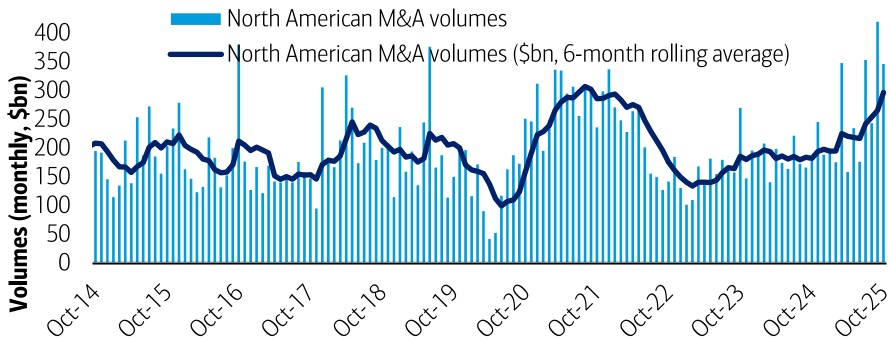
## Elevated deal pipeline

The pipeline of announced deals with potential IG funding implications increased to $450bn in October from $412bn in September, near the highest level since 2018. Notable deals include Union Pacific (UNP) acquisition of Norfolk Southern (NSC) ($88bn) and Kimberly-Clark (KMB) acquisition of Kenvue (KVUE) ($48bn), which makes up 30% of the current pipeline.

Although the relationship tends to be a bit noisy, the current pipeline implies M&A-related supply over the next eight months of $129bn, below the $138bn over the prior eight months. See details of the current deal list in the Pipeline of M&A deals with IG issuance section in the report here: Situation Room: 3Q25 IG preliminary fundamentals: healthy.

**Exhibit 53: Monthly North American M&A volumes since October-2014**

North American M&A announcements remained high at $348bn in October, down from $421bn in September.




Note: limited to pending and closed deals only. Cancelled deals are excluded.
**Source:** Bloomberg

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Excerpt from:
Situation Room: Steady into IG 06 November 2025

# Flows

## Steady into IG

Inflows to HG accelerated as typical during the first week of the calendar month, while flows to HY and loans remained lackluster this past week ending November 6.

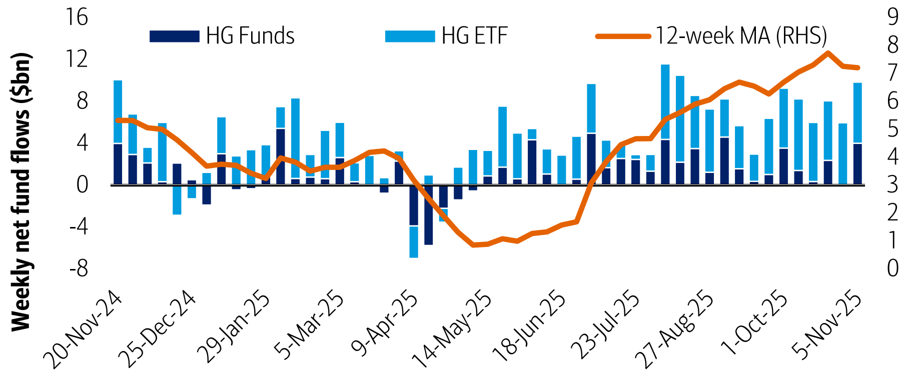
Inflows accelerated for US HG bond funds and ETFs with a +$9.84bn inflow, the biggest inflow in 3 months, up from a +$5.92bn inflow in the prior week. This was primarily driven by HG Funds as typical during the first week of the month. Flows accelerated into HG Funds (to +$4.01bn, the biggest inflow in 9 weeks, from -$0.04bn), while inflows into HG ETFs were little changed (at +$5.83bn from +$5.96bn). Inflows accelerated for both short-term HG (to +$1.68bn, the biggest inflow in 3 months, from +$0.65bn) and ex. short-term (to +$8.16bn from +$5.28bn).

## Not into HY or loans

Outflows accelerated for HY this past week (to -$0.76bn from -$0.05bn), while inflows remained moderate for loans (to +$0.46bn from +$0.17bn). Meanwhile, inflows improved for equities (to +$26.34bn, the biggest inflow in 7 weeks, from +$9.73bn), while inflows moderated for global EM bonds (to +$0.76bn from +$2.08bn) and for munis (to +$0.90bn from +$1.29bn). Finally, money markets reported a +$93.71bn inflow this past week (the biggest inflow since December 2024), following a +$41.67bn inflow a week earlier.

**Exhibit 54: Weekly high grade fund flows since 11/2024, $bn**

HG ETF inflow was +$5.83bn this past week ending Nov-05 (vs +$5.96bn a week prior), and HG Funds inflow was +$4.01bn (vs -$0.04bn a week prior). Since 11/2024, both HG Funds and ETFs, and the 12-week moving average have dipped at the end of 2024 and April 2025. Flows have rebounded since then.




**Source:** EPFR Global. Note: data are for US-domiciled funds only.

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# Supply

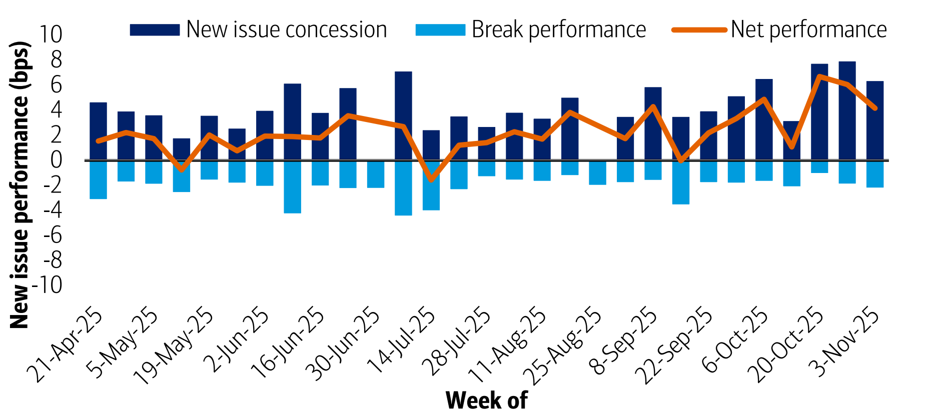
US IG gross issuance was $60.2bn this week, at the upper bound of our $50 - $60bn forecast. This week's supply ending Nov-07 consisted of $17.6bn financials, $30.0bn high-quality industrials and $12.7bn BBB industrials.

Given $1540.7bn of gross issuance, $858.5bn of maturities and $167.5bn of additional redemptions, net issuance is tracking $514.7bn YTD. We expect issuance to remain heavy in the $40 - $50bn range next week given strong momentum as most companies are out of earnings-related blackouts. We expect $130bn supply in November (see report: Situation Room: IG November supply: Favorable conditions 27 October 2025).

New issue performance improved this week compared with the week of October 27 as the overall new issue performance, which we measure as new issue concession plus break performance, tightened to 4.2bps this week from 6.1bps last week. This week's new issues are trading 4bps tighter on average from pricing.

**Exhibit 55: Weekly new issue supply performance**

For week of Nov 3: new issue concession = 6.4bps; break performance = -2.2bps; net performance = 4.2bps.




**Source:** BofA Global Research

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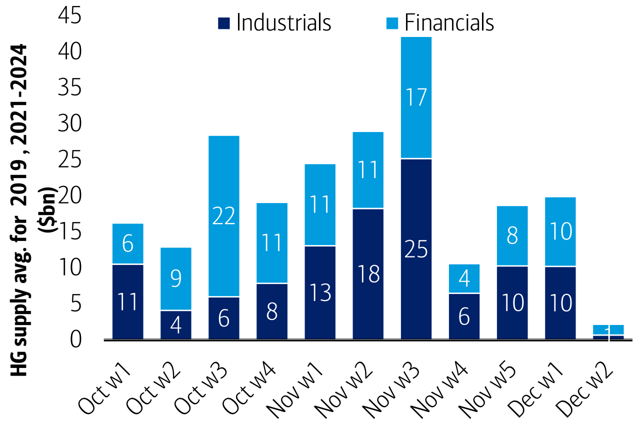
**Exhibit 56: Weekly supply seasonality since 1st week of October**

Supply seasonally accelerates into 3rd week of November before slowing in December. Seasonality implies $17bn issuance on 1st week of Oct, and $13bn during 2nd week of Oct.




**Source:** Bloomberg, BofA Global Research

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**Exhibit 57: Weekly Supply since week of Aug-25**

This week's supply ending Nov-07 consisted of $17.6bn financials, $30.0bn high-quality industrials and $12.7bn BBB industrials.

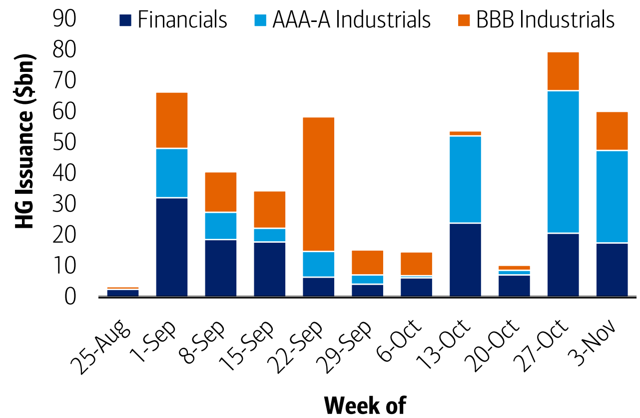


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**Exhibit 58: Recent new issue pricing and new issue concessions**

List of new issues in the IG corporate bond market today along with performance metrics.

| Date | Ticker | Name | Tenor | Size ($mn) | Moody's/S&P | Cpn (%) | Px Spd | NIC | * Brk Perf | Cur Spd |
|---|---|---|---|---|---|---|---|---|---|---|
| 2025-11-03 | BNKOKL | BOKF NA | 15NC10 | 400 | NA/BBB+ | 6.108 | 200 | n.a. | n.a. | n.a. |
| 2025-11-03 | BRKHEC | MidAmerican Energy Co | 31 | 400 | Aa2/A | 5.5 | 85 | 7 | 1 | 85 |
| 2025-11-03 | EBAY | eBay Inc | 3 | 600 | Baa1/BBB+ | 4.25 | 65 | n.a. | n.a. | n.a. |
| 2025-11-03 | EBAY | eBay Inc | 10 | 400 | Baa1/BBB+ | 5.125 | 103 | n.a. | n.a. | 106 |
| 2025-11-03 | EPR | EPR Properties | 5 | 550 | NA/BBB- | 4.75 | 130 | n.a. | -2 | 129 |
| 2025-11-03 | GOOGL | Alphabet Inc | 3 | 500 | Aa2/AA+ | FRN | SOFR+52 | n.a. | n.a. | n.a. |
| 2025-11-03 | GOOGL | Alphabet Inc | 3 | 1,000 | Aa2/AA+ | 3.875 | 30 | n.a. | n.a. | 21 |
| 2025-11-03 | GOOGL | Alphabet Inc | 5 | 2,500 | Aa2/AA+ | 4.1 | 40 | n.a. | n.a. | 35 |
| 2025-11-03 | GOOGL | Alphabet Inc | 7 | 1,250 | Aa2/AA+ | 4.375 | 50 | n.a. | n.a. | 38 |
| 2025-11-03 | GOOGL | Alphabet Inc | 10 | 3,500 | Aa2/AA+ | 4.7 | 62 | 10 | n.a. | 49 |
| 2025-11-03 | GOOGL | Alphabet Inc | 20 | 2,000 | Aa2/AA+ | 5.35 | 72 | 3 | n.a. | 58 |
| 2025-11-03 | GOOGL | Alphabet Inc | 30 | 4,000 | Aa2/AA+ | 5.45 | 82 | 15 | n.a. | 67 |
| 2025-11-03 | GOOGL | Alphabet Inc | 50 | 2,750 | Aa2/AA+ | 5.7 | 107 | n.a. | n.a. | 86 |
| 2025-11-03 | HWM | Howmet Aerospace Inc | 7 | 500 | Baa1/BBB+ | 4.55 | 65 | n.a. | n.a. | 65 |
| 2025-11-03 | LNC | Lincoln National Corp | 10 | 500 | Baa2/BBB+ | 5.35 | 125 | n.a. | 0 | 125 |
| 2025-11-03 | MAA | Mid-America Apartments LP | 7 | 400 | A3/A- | 4.65 | 85 | n.a. | n.a. | 83 |
| 2025-11-03 | NI | NiSource Inc | 31NC5 | 1,000 | Baa3/BBB- | 5.75 | 204 | n.a. | n.a. | 214 |
| 2025-11-03 | NOVNVX | Novartis Capital Corp | 3 | 800 | NA/AA- | FRN | SOFR+52 | n.a. | n.a. | n.a. |
| 2025-11-03 | NOVNVX | Novartis Capital Corp | 3 | 700 | NA/AA- | 3.9 | 30 | n.a. | n.a. | 25 |
| 2025-11-03 | NOVNVX | Novartis Capital Corp | 5 | 1,750 | NA/AA- | 4.1 | 45 | n.a. | n.a. | 42 |
| 2025-11-03 | NOVNVX | Novartis Capital Corp | 7 | 925 | NA/AA- | 4.3 | 50 | n.a. | n.a. | 48 |
| 2025-11-03 | NOVNVX | Novartis Capital Corp | 10 | 925 | NA/AA- | 4.6 | 55 | 5 | n.a. | 59 |
| 2025-11-03 | NOVNVX | Novartis Capital Corp | 20 | 350 | NA/AA- | 5.2 | 55 | n.a. | n.a. | 60 |
| 2025-11-03 | NOVNVX | Novartis Capital Corp | 30 | 550 | NA/AA- | 5.3 | 65 | -1 | n.a. | 67 |
| 2025-11-03 | RDSALN | Shell Finance US Inc | 5 | 350 | Aa2/A+ | FRN | SOFR+78 | n.a. | n.a. | n.a. |
| 2025-11-03 | RDSALN | Shell Finance US Inc | 5 | 1,000 | Aa2/A+ | 4.125 | 50 | n.a. | -2 | 45 |
| 2025-11-03 | RDSALN | Shell Finance US Inc | 10 | 1,000 | Aa2/A+ | 4.75 | 67 | 8 | 2 | 70 |
| 2025-11-03 | UBS | UBS Group AG | 8NC7 | 2,000 | A2/A- | 4.844 | 95 | 9 | 1 | 93 |
| 2025-11-03 | UBS | UBS Group AG | 22NC21 | 1,250 | A2/A- | 5.528 | 88 | 6 | 1 | 87 |
| 2025-11-03 | WEC | WEC Energy Group Inc | 31NC5 | 600 | Baa2/BBB | 5.625 | 191 | n.a. | n.a. | 186 |
| 2025-11-04 | ETR | Entergy Corp | 31NC5 | 600 | Baa3/BBB- | 5.875 | 218 | n.a. | n.a. | 227 |
| 2025-11-04 | ETR | Entergy Corp | 31NC10 | 700 | Baa3/BBB- | 6.1 | 201 | n.a. | n.a. | 197 |
| 2025-11-04 | HIW | Highwoods Realty LP | 7 | 350 | Baa2/BBB- | 5.35 | 155 | n.a. | n.a. | 146 |
| 2025-11-04 | WLK | Westlake Corp | 10 | 600 | Baa2/BBB+ | 5.55 | 150 | n.a. | 1 | 140 |
| 2025-11-04 | WLK | Westlake Corp | 30 | 600 | Baa2/BBB+ | 6.375 | 175 | 3 | 1 | 165 |

**Exhibit 58: Recent new issue pricing and new issue concessions**
List of new issues in the IG corporate bond market today along with performance metrics.

| Date | Ticker | Name | Tenor | Size ($mn) | Moody's/S&P | Cpn (%) | Px Spd | NIC | * Brk Perf | Cur Spd |
|---|---|---|---|---|---|---|---|---|---|---|
| 2025-11-05 | APO | Apollo Global Management Inc | 5 | 400 | A2/A | 4.6 | 85 | n.a. | -2 | 82 |
| 2025-11-05 | APO | Apollo Global Management Inc | 10 | 350 | A2/A | 5.15 | 110 | 8 | -3 | 109 |
| 2025-11-05 | AVILES | Avilease Capital Ltd | 5 | 850 | Baa2/BBB | 4.75 | 110 | n.a. | n.a. | n.a. |
| 2025-11-05 | CBG | CBRE Services Inc | 7 | 750 | Baa1/BBB+ | 4.9 | 98 | n.a. | n.a. | 95 |
| 2025-11-05 | EQIX | Equinix Europe 2 Financing Corp LLC | 5 | 1,250 | Baa2/BBB+ | 4.6 | 85 | 6 | n.a. | 83 |
| 2025-11-05 | ICE | Intercontinental Exchange Inc | 3 | 600 | A3/A- | 3.95 | 45 | n.a. | -1 | 45 |
| 2025-11-05 | ICE | Intercontinental Exchange Inc | 5 | 650 | A3/A- | 4.2 | 60 | n.a. | -1 | 62 |
| 2025-11-05 | KORELE | Korea Electric Power Corp | 3 | 600 | Aa2/AA | FRN | SOFR+62 | n.a. | n.a. | 60 |
| 2025-11-05 | KORELE | Korea Electric Power Corp | 5 | 400 | Aa2/AA | 4.125 | 47 | n.a. | n.a. | 45 |
| 2025-11-05 | MAT | Mattel Inc | 5 | 600 | Baa3/BBB | 5 | 130 | n.a. | -12 | 121 |
| 2025-11-05 | NWE | NorthWestern Corp | 4 | 100 | A3/A- | 5.073 | 100 | n.a. | n.a. | n.a. |
| 2025-11-05 | PCAR | PACCAR Financial Corp | 3 | 400 | NA/A+ | 4 | 38 | 5 | -4 | 32 |
| 2025-11-05 | PII | Polaris Inc | 5 | 500 | Baa3/BBB- | 5.6 | 185 | n.a. | -12 | 175 |
| 2025-11-05 | STOAU | Santos Finance Ltd | 10 | 1,000 | Baa3/BBB- | 5.75 | 168 | n.a. | -5 | 165 |
| 2025-11-05 | WMB | Transcontinental Gas Pipe Line Co LLC | 10 | 1,000 | Baa1/BBB+ | 5.1 | 95 | n.a. | n.a. | n.a. |
| 2025-11-05 | WMB | Transcontinental Gas Pipe Line Co LLC | 30 | 700 | Baa1/BBB+ | 5.75 | 105 | n.a. | n.a. | n.a. |
| 2025-11-06 | CNRCN | Canadian National Railway Co | 5 | 300 | A2/A- | 4.2 | 55 | n.a. | -2 | 54 |
| 2025-11-06 | CNRCN | Canadian National Railway Co | 10 | 400 | A2/A- | 4.75 | 70 | n.a. | -4 | 67 |
| 2025-11-06 | EQNR | Equinor ASA | 3 | 250 | Aa2/AA- | 4.25 | 38 | 3 | n.a. | 33 |
| 2025-11-06 | EQNR | Equinor ASA | 5 | 250 | Aa2/AA- | 4.5 | 48 | 5 | n.a. | 45 |
| 2025-11-06 | EQNR | Equinor ASA | 10 | 1,000 | Aa2/AA- | 4.75 | 73 | n.a. | -3 | 71 |
| 2025-11-06 | EXP | Eagle Materials Inc | 10 | 750 | Baa2/BBB | 5 | 105 | n.a. | -1 | 103 |
| 2025-11-06 | GPN | Global Payments Inc | 3 | 1,750 | Baa3/BBB- | 4.5 | 95 | n.a. | -4 | 92 |
| 2025-11-06 | GPN | Global Payments Inc | 5 | 1,700 | Baa3/BBB- | 4.875 | 120 | n.a. | -2 | 120 |
| 2025-11-06 | GPN | Global Payments Inc | 7 | 1,000 | Baa3/BBB- | 5.2 | 135 | 5 | -1 | 136 |
| 2025-11-06 | GPN | Global Payments Inc | 10 | 1,750 | Baa3/BBB- | 5.55 | 150 | n.a. | -1 | 151 |
| 2025-11-06 | TRGP | Targa Resources Corp | 3 | 750 | Baa2/BBB | 4.35 | 80 | n.a. | -5 | 75 |
| 2025-11-06 | TRGP | Targa Resources Corp | 11 | 1,000 | Baa2/BBB | 5.4 | 132 | 12 | -2 | 128 |
| 2025-11-06 | UNM | Unum Group | 10 | 300 | Baa2/BBB | 5.25 | 125 | n.a. | n.a. | 123 |
| 2025-11-07 | ATWALD | Atlas Warehouse Lending Co LP | 3 | 750 | A3/BBB+ | n.a. | 110 | n.a. | n.a. | n.a. |
| 2025-11-07 | ATWALD | Atlas Warehouse Lending Co LP | 5 | 750 | A3/BBB+ | n.a. | 130 | n.a. | n.a. | n.a. |

Note: We calculate new issue concessions by estimating the difference between new issue bond spread and interpolated G spread from comparable liquid secondary bonds of the same issuer prior to the new issue deal announcement, adjusted for the spread impact of dollar prices deviating from par. Break performance is computed as the difference between new issue pricing and secondary closing spread on the first day of trading.

**Source:** BofA Global Research

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# Weekly technicals details

Below we track an indicator for the IG market technicals based on supply, maturities, flows, coupons, net downgrades to HY, and calls and tenders. This past week's IG supply net demand was a weak +$33.2bn, and we expect stronger technicals at +$9.0bn next week (Exhibit 7). We expect dealer inventories increased due to heavy supply (Exhibit 56).

**Exhibit 59: IG supply and demand breakdown ($bn)**
IG supply: gross issuance + rising stars - fallen angels. IG demand: maturities + calls/tenders + coupons + IG ETF / fund flows.

| | Supply | | | | Demand | | | | | Net |
|---|---|---|---|---|---|---|---|---|---|---|
| | Issuance | Fallen angel | Rising star | Total supply | Calls/Tenders | Maturity | Coupons | ETF / Fund flows | Total demand | Supply net demand |
| Week of Nov-03 | 60.2 | 0.1 | 0.5 | 60.5 | 2.3 | 16.2 | 4.0 | 4.8 | 27.3 | 33.2 |
| Week of Nov-10 | 45.0 | 0.1 | 0.5 | 45.4 | 1.4 | 16.2 | 16.0 | 2.8 | 36.4 | 9.0 |
| 1wk chg est. | -15.2 | 0.0 | 0.0 | -15.2 | -0.9 | 0.0 | 12.0 | -2.0 | 9.1 | -24.2 |
| 12wk MA | 38.5 | 0.1 | 0.3 | 38.8 | 4.5 | 18.5 | 8.5 | 3.3 | 34.8 | 4.0 |
| **12wk %tile** | | | | | | | | | | |
| Week of Nov-03 | 82% | 82% | 100% | 82% | 9% | 0% | 18% | 100% | 9% | 91% |
| Week of Nov-10 | 55% | 82% | 91% | 55% | 0% | 0% | 91% | 45% | 64% | 55% |

**Source:** BofA Global Research, ICE Data Indices, LLC, EPFR Global, Bloomberg

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**Exhibit 60: Estimated changes in IG dealer inventories by maturity and broad sector.**

We estimate IG dealer inventories increased $2,307mn on Nov-06 increased $5,308mn over the prior week, and increased $9,855 over the past 4 weeks.

| | Net dealer buy ($mn) | | | | | Net dealer DV01 change ($thousand) | | | | | Trading volumes on 6-Nov-25 ($mn) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sector** | **6-Nov** | **5-Nov** | **1 W** | **2 W** | **4 W** | **6-Nov** | **5-Nov** | **1 W** | **2 W** | **4 W** | **Buy** | **Sell** | **Dealer** | **Total** |
| **High grade (TRACE + ETFs)** | **2,307** | **-622** | **5,308** | **12,101** | **9,855** | **1,702** | **-684** | **5,037** | **11,984** | **9,765** | **13,596** | **11,949** | **11,618** | **37,164** |
| **ETF flow** | **-660** | **271** | **1,477** | **3,602** | **5,577** | **-588** | **125** | **672** | **1,917** | **3,028** | **-** | **-** | **-** | **-** |
| **TRACE net dealer buy** | **1,647** | **-351** | **6,785** | **15,702** | **15,432** | **1,114** | **-559** | **5,708** | **13,901** | **12,793** | **13,596** | **11,949** | **11,618** | **37,164** |
| <3yr | 312 | 879 | 989 | 794 | 1,373 | 60 | 125 | 153 | 30 | 85 | 2,194 | 1,882 | 1,363 | 5,438 |
| 3-5yr | 52 | 61 | 1,575 | 3,113 | 2,715 | 30 | -3 | 544 | 1,107 | 870 | 2,592 | 2,540 | 2,634 | 7,766 |
| 5-11yr | 1,072 | -1,272 | 783 | 4,593 | 4,812 | 719 | -863 | 427 | 3,067 | 3,180 | 5,325 | 4,253 | 4,030 | 13,608 |
| 11+yr | 211 | -19 | 3,438 | 7,202 | 6,532 | 304 | 182 | 4,584 | 9,697 | 8,658 | 3,485 | 3,274 | 3,592 | 10,351 |
| Fin | 408 | -902 | 402 | 2,452 | 2,219 | 353 | -369 | 1,039 | 2,547 | 1,855 | 4,608 | 4,200 | 3,537 | 12,345 |
| Non-Fin | 1,239 | 551 | 6,383 | 13,250 | 13,212 | 761 | -190 | 4,669 | 11,354 | 10,939 | 8,989 | 7,749 | 8,082 | 24,819 |
| Fixed | 1,647 | -417 | 6,533 | 15,318 | 14,986 | 1,114 | -576 | 5,652 | 13,800 | 12,679 | 13,596 | 11,949 | 11,618 | 37,164 |
| Floating | 0 | 66 | 252 | 384 | 445 | 0 | 17 | 56 | 101 | 115 | 0 | 0 | 0 | 0 |
| US issuers | 1,440 | 368 | 5,202 | 12,797 | 13,156 | 1,058 | -119 | 4,297 | 11,283 | 10,917 | 11,362 | 9,921 | 9,892 | 31,175 |
| DM Yankees | 108 | -693 | 1,276 | 2,544 | 1,888 | -13 | -416 | 1,236 | 2,467 | 1,683 | 1,986 | 1,878 | 1,644 | 5,508 |
| EM Yankees | 99 | -26 | 307 | 362 | 387 | 69 | -25 | 175 | 151 | 193 | 249 | 150 | 83 | 481 |

Note: data for maturities 13M or longer. Changes in inventories are estimated based on TRACE and IG ETF flows.
**Source:** BofA Global Research, FINRA, TRACE, Bloomberg.

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# Sector views

Below is the summary of US IG sector views. For more details, see reports: Credit Market Strategist: Sector outlook 21 March 2025, and Credit Market Strategist: Uneasy equilibrium.

**Exhibit 61: US IG credit strategy sector views summary as of Nov-07-2025**

Below outlines our sector views.

| Overweight | View | Market weight | View | Underweight | View |
|---|---|---|---|---|---|
| **Aerospace/Defense** | **Over** | **Automobiles** | **Market** | **Basic Materials** | **Under** |
| **Banks/Brokers** | **Over** | **Consumer Products** | **Market** | Metals & Mining | Market |
| **Energy** | **Over** | **Industrial Products** | **Market** | Chemicals | Under |
| Oil & Gas | Over | **Media & Entertainment** | **Market** | **Food, Bev, & Bottling** | **Under** |
| Pipelines | Over | **Telecom** | **Market** | **Retail** | **Under** |
| **Health Care** | **Over** | | | Discounters | Under |
| **Life Insurance** | **Over** | | | Non-Discounters | Under |
| **Railroads** | **Over** | | | **Technology** | **Under** |
| **REITs** | **Over** | | | | |
| **Tobacco** | **Over** | | | | |
| **Utilities** | **Over** | | | | |

**Source:** BofA Global Research

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Common abbreviations:
IG: Investment Grade
HG: High Grade
LQD: iShares iBoxx $ Investment Grade Corporate Bond ETF
DV01: Dollar value of a basis point
CDX IG: The Markit CDX North America Investment Grade Index
CDX HY: Markit CDX North America High Yield Index
ECB: European Central Bank
QE: Quantitative Easing
CSPP: corporate sector purchase programme
CPI: Consumer Price Index
FOMC: The Federal Open Market Committee

# Disclosures

## Important Disclosures

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**Overweight:** Spreads and /or excess returns are likely to outperform the relevant and comparable market over the next three months.
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